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Registered as a Newspaper at the General Post Office in the United Kingdom.

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ESTABLISHED 1857

刺刊

15-19 Marina House, Queen's Road Central, G.P.O. Box No. 1

No. 25340

號拾第伍仟貳第

HONGKONG, FRIDAY, NOVEMBER 17, 1939.

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Price Single Copy: 10 Cents Per Month: \$3.00.

BELGO-DUTCH PROPOSAL MOST NOTABLE DEVELOPMENT: MATTER CONSIDERED CLOSED BY REICH GOVERNMENT



SIR JOHN SIMON

GERMANY WANTS NEGOTIATIONS ON HER OWN BASIS, REPORT

LONDON, Nov. 16 (REUTER).—THE MOST NOTABLE DEVELOPMENT SINCE THE LAST STATEMENT HAD BEEN THE COMMUNICATION FROM QUEEN WILHELMINA OF THE NETHERLANDS AND KING LEOPOLD OF THE BELGIANS, TO WHICH KING GEORGE HAD REPLIED, declared Sir John Simon, Chancellor of the Exchequer, in the House of Commons today when he read the weekly review on the international situation on behalf of the Prime Minister, Mr. Neville Chamberlain.

The official German News Agency, said Sir John, published a statement that the Nazi Foreign Minister, Herr von Ribbentrop, had yesterday informed the Belgian Ambassador and the Dutch Minister in Berlin, in the name of the German Chancellor, that, after a blunt rejection of the peace move by Britain and France, the German Government had considered the matter closed.

Sir John Simon went on to say that the past week was marked by a recurrence of rumours of German aggressive intentions against the Netherlands and Belgium.

Large concentrations of troops on the Dutch-Belgian frontier and

Before reading the statement on behalf of Mr. Chamberlain, Sir John Simon stated that the Prime Minister's gout was much improved, and his general health continues excellent.

the opening of a threatening campaign by the German press presented matters all too familiar to the world which was accustomed to see therein an immediate forerunner to a German invasion.

There could be no desire, least of all in Britain, to exaggerate the significance of these reports.

The German statement of November 13 of the Reich's intention to continue to respect the neutrality of the Netherlands and Belgium so long as Britain and France did so and decrees broadcast the same day produced a relaxation of tension which was satisfactory to His Majesty's Government, which, he need hardly say, had every intention of continuing to respect the neutrality of the Netherlands and Belgium.

Sir John Simon added: "Other developments have strengthened the position of the Allies, particularly the United States legislation restoring our right to purchase an abundant of supplies. A less satisfactory incident was the virtual breakdown of the negotiations between the Soviet and Finland."

GERMANY INDIGNANT

PARIS, Nov. 16 (Havas).—Although infuriated by the British and French answer to the Belgo-Dutch peace proposal, Germany is seeking to negotiate on her own basis, is the opinion expressed by the French press.

U.S. WANT LIFE AND LIBERTY PRESERVED

NEW YORK, Nov. 16 (Reuter).—Ninety-five per cent. of the people of America want "to see the type of life and liberty for which Britain and France and fighting preserved from destruction," declared Mr. W. Lamont, partner in the firm of J. P. Morgan, addressing the Academy of Political Science.

He criticised those who said that business wanted war because of "fancied profits," and said that the attitude of American businessmen towards peace and war was to encourage, rather than obstruct, the efforts of the democracies in the purchase of supplies here, which are vitally needed for their defence.

They also wanted to build the country's economic and financial power to a position of impregnable strength so that, finally, America may be in a position to render sound and wise co-operation for an enduring peace.

Mr. Lamont urged support for the idea of a United States of Europe—the great free trade region of Europe as a counterpart to the free trade area of the United States.

CONTRABAND SEIZURES BY FRENCH NAVY

PARIS, Nov. 16 (Reuter).—The French Navy seized nearly 250,000 tons of contraband goods up to November 10, including 101,853 tons, which consisted of raw materials for industry, 35,000 tons of liquid fuel and 240 tons of arms.

ANTI-HITLER SANDWICHMAN



Mr. Samuel Levy, a native of the Isle of Rhodes now engaged in the textile business in Tel Aviv, Palestine, has his own scheme for calling attention to the wrongs of the Jewish people and the iniquity of Hitler. Yesterday he walked through Hongkong, as he has done through many other ports, from New York to Alexandria, with his message displayed on his chest.

COLONY'S RESPONSIBILITY IN THE WAR: GEN. GRASETT TELLS COUNCIL HONGKONG MUST ACCEPT POSSIBLE CONSEQUENCES ON FINANCIAL STABILITY

Governor Notes Growing Opinion Favouring Income Tax Measure

HONGKONG MUST TAKE RISKS AND ACCEPT THE POSSIBLE CONSEQUENCES ON THE FINANCIAL STABILITY OF THE COLONY OF THE PROPOSED INCOME TAX MEASURE, said His Excellency the General Officer Commanding, Major-General A. E. Grasett, at the resumed Legislative Council debate on the Budget yesterday afternoon, when he spoke of the Colony's responsibility in the war which Great Britain was now waging against Germany.

"Hongkong is as much concerned in this war as any other part of the Empire," he said, "and if things go wrong Hongkong will be the first to suffer."

The G.O.C. emphasised that in a long war, the financial side was as important as the military side, and heavy financial as well as human sacrifices would be required.

The proposal to introduce income tax as a means to secure a contribution to the Imperial War Chest was again vigorously opposed by Unofficial Members of the Council.

The Hon. Mr. T. E. Pearce said that income tax could not but be a hindrance and a deterrent to the trade of Hongkong. He emphasised the necessity of maintaining the present cheap and easy trading facilities, and warned against the deflationary effects of a possible general movement to sell out Hongkong investments.

"CAVALIER FASHION"

The Hon. Mr. A. L. Shields, in an expansion of his speech given last week, regretted that the Financial Secretary, when replying to the Unofficials, had dismissed in "cavalier fashion" the alternatives for providing a war contribution which had been put forward by representatives of various interests.

The Hon. Mr. Li Tse-tong supported the other Chinese Unofficials in their opposition to the income tax measure.

In his winding up the debate, His Excellency the Governor said that he noted a growing opinion in Hongkong which was in favour of income tax.

He said that he also noted the agreement among Unofficial Members that a war contribution should be made to the Imperial Government.

MONEY OR IN KIND

His Excellency stressed that no pre-determined amount was named when the original proposal came before the Council, and that it had been said that the contribution could be made either in money or in kind.

He mentioned the possibility of building vessels for H.M. Navy, such as minesweepers, in local shipyards, as well as contributions to the work of the Royal Air Force here.

Although it was proposed that the income tax measure should be for the duration of the war, His Excellency stated that he hoped the measure might be reimposed as a peace-time method of securing funds to promote the many social benefits which Hongkong at present sorely lacked.

Speaking on the ordinary Budget, His Excellency gave assurance that the Government would keep a close watch upon revenue and govern expenditure in accordance with the financial outlook from time to time.

Continued on Page 2

RUBBER SHARES REVIVAL

LONDON, Nov. 16 (Reuter).—The International Rubber Committee's decision to fix the quota for the first quarter of 1940 at 80 per cent. against 75 per cent. for the present quarter did not materially affect the London market this morning where such an increase had already been anticipated.

Rubber dealers generally believe that values should harden in the near future pointing out that 5 per cent. increase on the new basic tonnage, although representing additional supplies of 7,800 tons monthly, would not relieve the present stringency because abnormally low United States stocks will probably cause a continued diversion of supplies from London.

BARTER PURCHASES

Moreover, under present arrangements the Government's barter purchases are concentrated in the period up to the end of March. Market circles, however, would not be surprised if the time limit is to be extended to cover April-June shipments in order to minimise the disturbance in barter purchases.

Stock Exchange circles view favourably the rubber quota announcement and some brokers believe that the recent slight revival of public interest in rubber shares will increase in the near future especially as some shares, at the present prices, show good yields.

GERMANS HAVING ANOTHER HEADACHE

BERLIN, Nov. 16 (Reuter).—The Germans are having another headache regarding rationing.

The latest in clothing allows each person a hundred coupons each year but they must spread out their requirements during the twelve months.

It will need two years' coupons in order to fit out a single person.

A woman will need to use four coupons for stockings while a woollen dress requires 40 coupons.

WHAT ABOUT THESE?

A Reuter message from Tokyo says that the alleged fall of Pakhoi, which is "expected momentarily," would deprive the Chinese Government of the only seaport hitherto retained.

(What about Ningpo, Wenchow, Foochow and other Fukien ports?)

DARDANUS CREW ARRIVE

The crew of the Imperial Airways' R.M.A. Dardanus, Captain J. N. Wilson and First Officer J. F. Raeburn, arrived in Hongkong yesterday morning from Canton, via Macao. They had been transferred to Canton from Weichow Island by the Japanese military authorities.

Captain Wilson had nothing to say regarding the incident when Japanese military planes forced the Dardanus down on Weichow Island.

It is reported that Captain Wilson and First Officer Raeburn will shortly proceed to Weichow Island by a Japanese naval vessel, from where they will bring the Dardanus to Hongkong.

JUDGE BUTLER DEAD

WASHINGTON, Nov. 16 (Reuter).—The death occurred of Judge Butler, of the Supreme Court.

This will give President Roosevelt another opportunity to make an appointment designed to strengthen the Liberal leanings of the Court, already assured by previous Presidential appointments, since the controversies following the Court's rejection of the N.R.A. in 1935.

The Lord Mayor's Red Cross and Saint John's Fund rose to £657,000 on Wednesday night. (BWS).

FURTHER PEACE SUGGESTIONS

LONDON, Nov. 16 (Reuter).—Belgium and Holland continue to consult in regard to further peace suggestions despite the German reply rejecting the recent peace offer by King Leopold and Queen Wilhelmina.

REGULAR TOURS

PARIS, Nov. 16 (Reuter's Special War Services).—German warplanes are making regular tours in the north and north-east of France during the past 24 hours some flying over Belgium following the Meuse Valley in the daytime, and a chain of lighted industrial towns at night.

MEXICAN STATE BLAMED FOR EXCESSES

MEXICO, Nov. 16 (Havas).—The Supreme Court has overruled the appeal from the expropriated companies.

The Court, however, blamed the Mexican State for excesses committed, notably for taking possession of property placed under seal. The Court also deemed it illegal to place an embargo on the companies' bank accounts.

Escape From U-Boat After Chase

PANAMA, Nov. 16 (Reuter).—How a British liner the Mataroa (1,239 tons) succeeded in escaping from a U-boat after a 50-minute chase, while en route from England to New Zealand, was told on arrival of the liner here.

The German submarine was sighted when she surfaced 2½ miles off.

The captain of the British vessel immediately swung round putting the U-boat astern and ordered 'full-steam-ahead'.

The chase lasted until the submarine was seven miles behind when it gave up.

The Mataroa was armed for defensive purposes but the captain said that he was under orders not to fire unless attacked.

The Lord Mayor's Red Cross and Saint John's Fund rose to £657,000 on Wednesday night. (BWS).

Finland To Maintain Her Defence Measures

BERNE, Nov. 16 (Havas).—The Zuercher Zeitung reports from Helsinki that the Finnish Government has decided to maintain the present defence measures throughout the European war whatever the result of the present talks with Russia.

The present effectives will only be reduced when fortification work is complete.

It is authoritatively stated that the very sound state of the country's finances renders such an effort possible.

It is pointed out that the Finnish foreign debt is only a thousand marks per capita.

STUBBORN RESISTANCE BY CHINESE IN LUNGMENKANG AND PAKHOI INVASION

SHIUKWAN, Nov. 16 (Central).—A concentration of over thirty Japanese warships and twenty armed launches yesterday heavily shelled Lungmenkang between Fongshing and Yamun on the Kwangtung coast to cover the landing of marines.

Another concentration of more than ten Japanese warships took similar action at Pakhoi. Chinese defence units at both places put up stubborn resistance.

Chinese military authorities declare that defence preparations have long been completed in that part of Kwangtung, and they are determined to put up a stiff fight against Japanese invasion.

CHIANG IMPRESSED

CHANGSHA, Nov. 16 (Central).—Generalissimo Chiang Kai-shek has instructed the Chinese military and civil authorities in North Hunan and North Kiangsi to investigate and report the Chinese soldiers' civilians who played an important part in the recent victory.

Generalissimo Chiang said that he was particularly impressed with the patriotism of the civilians. He had received reports that many able-bodied men brought their families to the rear and then returned themselves to the war zone to fight the invaders, while other voluntarily acted as guides for the Chinese troops.

SIANGNING REGAINED

HONGKONG, SHENGLI, Nov. 16 (Central).—The Chinese made a triumphant re-entry into Siangning in West Shansi, at 6.40 p.m. Tuesday evening, according to an urgent military report from the front. Meantime, units were despatched to pursue the defeated Japanese.

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THE ELEVENTH EXTRA RACE MEETING will be held (weather permitting) at HAPPY VALLEY on SATURDAY, 18th November, 1939, commencing at 2.00 p.m.

The first Bell will be rung at 1.30 p.m.

MEMBERS' ENCLOSURE

No One without a badge, will be admitted to the Members' Enclosure. Such must be worn throughout the duration of each Meeting in such a manner as to be readily identified.

Badges admitting Non-Members to the Members' Enclosure and Club Rooms at \$5.00 for Gentlemen and \$3.00 for Ladies (Both including tax) are obtainable through the SECRETARY upon the personal or written application of a Member, such Member to be responsible for all visitors introduced by him, and for Payment of All Chits, etc.

The Secretary's Office, 1st floor, Exchange Building (Tel. 27794), will close at 12 o'clock Noon.

Timings are obtainable at the Club House provided they are ordered in advance from the No 1 Boy (Telephone 21920).

PUBLIC ENCLOSURE

The price of Admission to the Public Enclosure is \$1.00 including Tax, for all Persons, including Ladies, and is payable at the Gate. Soldiers and Sailors in Uniform are admitted Half Price.

By Order,

C. B. BROWN,

Secretary

Hong Kong, 13th Nov., 1939.

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An A.R.P. class will be held at the Club Lusitano on Mondays & Fridays, commencing on Nov. 17, at 6 p.m. Mr. E. F. Buttress will be the lecturer. Interested students are kindly asked to note the correct time of commencement.

TAXATION IN HONGKONG COMPARED WITH OTHER PLACES

Continued from Page 1

HON. MR. A. L. SHIELDS
REMARKS

The Hon. Mr. A. L. Shields said: I am glad to have the opportunity, owing to the adjournment of the debate on the War Budget, of considering the speech made by the Hon. Financial Secretary in support of the Income Tax measure proposed by Government in which he dealt with the storm of disapproval from all sections of the community as voiced by the Unofficial members of Council who preceded him.

The Financial Secretary ably handled the case for Government but dismissed in cavalier fashion the alternatives for providing a contribution to the Imperial Exchequer which had been put forward by representatives of many interests.

The goodwill and co-operation of the people in a matter of this kind are important if not essential to the successful carrying out of your Excellency's laudable desire that Hongkong should do its bit towards financing the War.

I make this assertion, Sir, as I imagine it prompted your statement that Government did not intend to use the Official majority to put through a measure which the people believed to be detrimental to the welfare of the Colony in order to provide a gift from these people to the Home Government.

I have not been able to get an official copy of your remarks Sir, but I believe I have correctly interpreted them in my own words.

CHAMBER'S DECISION

As you are aware Sir, the General Committee of the Chamber of Commerce held a meeting and after discussion and consideration they decided unanimously against Income Tax.

They recommended other alternatives which had also been carefully considered, and gave their opinion that the proposal to raise three million dollars for local defence and seven million dollars as a grant for War purposes was too high, as it would be detrimental to the welfare of the Colony if such a large sum was taken out of the Colony, giving no return.

The Chinese Chamber of Commerce hold similar views which have been expressed by my Unofficial colleagues and inquiries made from merchants, Bankers and people in many walks of life make it clear that public opinion is almost entirely against Income Tax.

Indications are not lacking that the Unofficial members of this Council are solidly against Income Tax but I believe they will be as solidly in favour of raising a War contribution by other means.

OTHER TAXES

The Committee of the Chamber of Commerce proposed other taxes, to produce about \$6,200,000 to cover defence and a contribution to the Home Government. These taxes may not be free from criticism but they deserve careful examination as they have the great advantage of costing practically nothing to collect. Government may suggest other alternatives which will satisfy the community and for these reasons, Sir, I would urge that the terms of reference of the Taxation Committee now sitting be broadened to include the examination of alternatives.

The very able speech of the Hon. Financial Secretary impressed me as one of no compromise. Nothing but Income Tax will do, all arguments against it are torn to shreds, the business community, Bankers, investors, manufacturers, etc. should swallow the distasteful draught and believe it to be less harmful than any other nostrum which they might prefer to try.

We British are credited with being experts in compromise and the middle course but there is no confirmation of this in the Hon. Financial Secretary's speech. He set out to confound the opposition to his pet tax and may have done so entirely to his own satisfaction but the people who must pay the added apparently still dislike the tune.

COMPARISON OF TAXATION

In comparing taxation in Hongkong with other places one has only to examine the high cost of living here to find that one of the contributory factors is the high price of land.

Government is the ground landlord and the high price it obtains for land has to be paid by the tenants. Land sales have been an important item of Revenue. Rents which are based on a return on the investment in land and buildings are also the

basis of assessment. It was said that when land in the business centre was \$80 and over per square foot it was dearer than land in Lombard Street in the City of London. I admit the value of the dollar was higher than at present.

Rents of private dwellings are higher than in England which is partly due to the cost of preparing sites, the charges for sewerage and water connections, permits for access over Crown Land, etc.

A man at Home paying £40 per annum for a house in the suburbs with taxes at three times the rate in Hongkong (say 50%), that is £60, pays the equivalent of \$960 per annum or \$80 per month. What can he get in Hongkong for that rent inclusive of the present 17% rate?

The long list of Government charges for permits, stamps fees, etc., must be considered. Many things from permission to work a steamer on Sunday to permission to park a car in Duddell Street have to be obtained by permit at a price. Great ingenuity on the part of successive Colonial Treasurers has been displayed in finding these methods of increasing Revenue.

Official signatures, for instance are estimated to produce \$40,000 in the 1940-41 budget. A charter party signed in Hongkong is taxed at 15 cents per \$100 of the charter money which for a big ship amounts to a large sum. In London charter parties require a 5s stamp for each signed copy.

SALARIES' SCALE

Salaries here are admittedly higher than at Home—they have to be—but house rent is not deductible from income for tax purposes. It would probably be surprising to find how many families with children to educate and provision to make for retirement must economize in every way to get along.

The imposition of an Income Tax would mean in many cases an adjustment of salaries falling on the employer, who would also pay tax on his business profits and still have to compete with merchants in other ports for the trade of China.

One objection, I believe, to the alternative taxes proposed by the Chamber of Commerce and the Chinese Community is that they do not get at unlimited partnerships and salaried employers including Government Servants, but if this cannot be accomplished by taxation I believe a request for voluntary contributions would meet with an immediate response from many who would contribute according to their means. I firmly believe there is no unwillingness to pay towards the cost of the War.

An important objection to Income Tax is that Home Government will have to refund such a large proportion of the total collection that the net contribution of the United Kingdom may be greatly reduced, and to get that everyone will suffer a big disturbance in paying and reclaiming and the net result may not be worth it.

VEXED QUESTION

The Hon. Mr. Caine deals with the vexed question of evasion of Income Tax by stating that taxes on tobacco and liquor, and stamp duties and charges for wireless licences are not 100 per cent. effective but nobody suggests they should be abolished on that account.

If Income Tax should prove to be 50 per cent. ineffective would he propose to discontinue it after an expensive department had been set up to collect it?

So many objections have been made to Income Tax that I need not say more than that the Hon. Financial Secretary seems to be ploughing a very lonely furrow. A perusal of all that has been said in this debate leaves one with the same impression as the proud Mother whose son had joined the Army. She turned out to see his Regiment on the march and was surprised to find that they were all out of step with her Peter.

Hon. Mr. Li Tse-fong said:—Your Excellency, as I am a comparatively new member of this Council I have a few observations to make.

I agree with the Government's policy that there should be as little disturbance as possible with the Colony's current activities and development schemes, and I venture to think that the provisions made for public works extraordinary are by no means extravagant. All works provided for in the estimates for the development of health and education, that would confer common benefit on the community, should be proceeded with without any avoidable delay. I earnestly hope that in the event of Government being called upon to cut down expenditure in order to balance the Budget, this

should not be done at the expense of Health and Education.

Although the present is not opportune for me to advocate larger appropriation for the extension of these essential services, I feel that in the matter of education I must call Government's attention to the lack of provision for the building of model vernacular primary schools as recommended by Mr. Burney in his Report issued on May 27, 1935. In urging Government to give this matter its careful consideration, I will quote the following passage from the Report in regard to primary vernacular education in the Colony:—

"It is a serious weakness in Hongkong's educational system with result felt through the school career of many of the children that the school in which the primary foundations are laid should be of so poor a quality. This is the more regrettable when it is remembered that for many children education ends at the primary stage. In fact it is evident that the Government's expenditure on Higher (including Secondary) Education is out of proportion to its expenditure on Primary Education."

"On these grounds it is recommended that the Government should assume as soon as possible larger responsibilities in primary education and the best way of doing this would be to build, as a start, two or three large primary schools in the City of Victoria, staff them only with fully trained teachers, inspect them properly and thus make them fit to serve as models for schools conducted by private enterprises. These new schools should be free, an innovation which would not be very costly since any fees charged could only be small."

FAR FROM SATISFACTORY

Some of the schools conducted by private enterprises, I must say, are fine institutions but the general conditions of many others are far from satisfactory. The Community are predominantly Chinese, and as tax-payers they have the right to expect that Government should assume full responsibilities in the primary education of their children. I submit that it is now the general accepted policy of all modern nations to provide at least the primary education necessary for every citizen as a common benefit and to make it free to all the recipients.

This leads me to a consideration of the Board of Education. It was established in 1920 "for the purpose of assisting the Director of Education in matters pertaining to the development and improvement of education in the Colony", and has since then remained as a purely advisory body. It is an important body, and I feel that it is time that the constitution of the Board should be reviewed and its function extended. A desirable feature of any new change would be the institution of several select committees, on similar lines as the Urban Council for the purpose of dealing with various educational activities such as registration of private schools, awarding of Government scholarships and recommendations of grants to aided schools.

LACK OF A. R. P. SHELTERS

In the matter of expenditure under Air Raid Precaution I wish to draw the attention of Government to the total lack of provision for shelters for civilians who may be out in the open in time of emergency. I realise the peculiar formations of this Colony that make it almost impossible to provide shelter for everyone, but I venture to think that it may be possible at a small cost to build a number of small underground shelters or in the alternative to strengthen some of the public buildings in the City to provide for such an eventuality.

I will now come to the consideration of the proposed imposition of Income Tax. I have had the opportunity of studying the speech made by the Honorable the Financial Secretary on November 9, but I can see no reason to change my opinion. I shall therefore confine to what I intended to say on that day and refer to his speech again at the end.

Before I offer my personal observations on this very important matter I wish to say that the Chinese Community, whose views my Chinese colleagues and I have the honour to represent, are not unconscious of the duty of all citizens in this Colony in connection with the present war in Europe. They realise that the Colony should do its utmost to make contributions to the war

chest to the full extent of its resources as a token of the Colony's loyalty to the Imperial Government.

The Chinese Community are most grateful for the protection and security afforded to them in this Colony and I feel that they will not hesitate to give their support to the Government in any financial measures other than Income Tax in connection with the war. The opposition to the proposed imposition of Income Tax as far as the Chinese are concerned, is not based on any political grounds but is entirely for economic reasons.

I share the view which has been expressed both inside this Chamber and outside that in view of the peculiar economic structure of the Colony, as an entrepot which is apt to be adversely affected by the war in Europe, the imposition of this form of taxation at the present juncture may inflict such damage to the vital interests of the Colony that it may not be able for a long time to regain its importance.

ONE OF BEST FORMS

In modern countries where industrial organisation is well advanced and the population is well educated and the standard of living is more or less uniform, Income Tax, from the point of view of equity and faculty, is perhaps one of the best forms of taxation. But it is noteworthy to observe in the Taxation Committee Report of April 5, 1939, that even in these modern countries "incessant vigilance is necessary to prevent evasion." In Hongkong with its peculiar economic conditions and its peculiar position of population, the task on the part of the Administration to carry into effect such "incessant vigilance" may prove to be formidable and costly.

The impact of the war in Europe is beginning to tell on a large section of the Colony's manufacturing industries such as cotton goods, shirts and singlets, rubber wares and shoes, cosmetics and electric torches and batteries, mainly due to increasing cost of imported raw materials and transport. Any further encumbrance which a new impost such as Income Tax may impose upon those industries may compel them to move out of the Colony. What I ask is that the Government should not make it more difficult for these industries to carry on if it can possibly help it.

EXCHANGE CONTROL

In the matter of Exchange Control the Government has recognised this Colony's peculiar position and was quite right in applying special treatment to solve that problem. It is therefore logical that on the question of taxation, we are entitled to similar special considerations bearing in mind that any form of taxation which would tend to drive capital and industries away from this Colony should be avoided as far as possible.

At the present stage when full details of the proposed Income Tax are not yet available to the Public, I would only add that Income Tax, being in reality not a simple Tax but a complex system of taxation, is not a desirable form of taxation for this Colony.

There have been many proposals put before the Government, as alternative methods for raising the necessary revenue for the war budget. I realise that some of these proposals would place the main burden of the additional taxation on some particular sections of the community but as war measures a certain degree of inequality is unavoidable.

I hope that the Honorable the

Financial Secretary will agree with me that the financial position of the Colony is not at all precarious but is, in fact, quite sound. The Colony's surplus at the end of 1939 would probably be more than what is budgeted for in the revised estimate when we take into account the fact that duties on petrol and liquors have been doubled and the increased assessment came into effect on the 2nd half of the year.

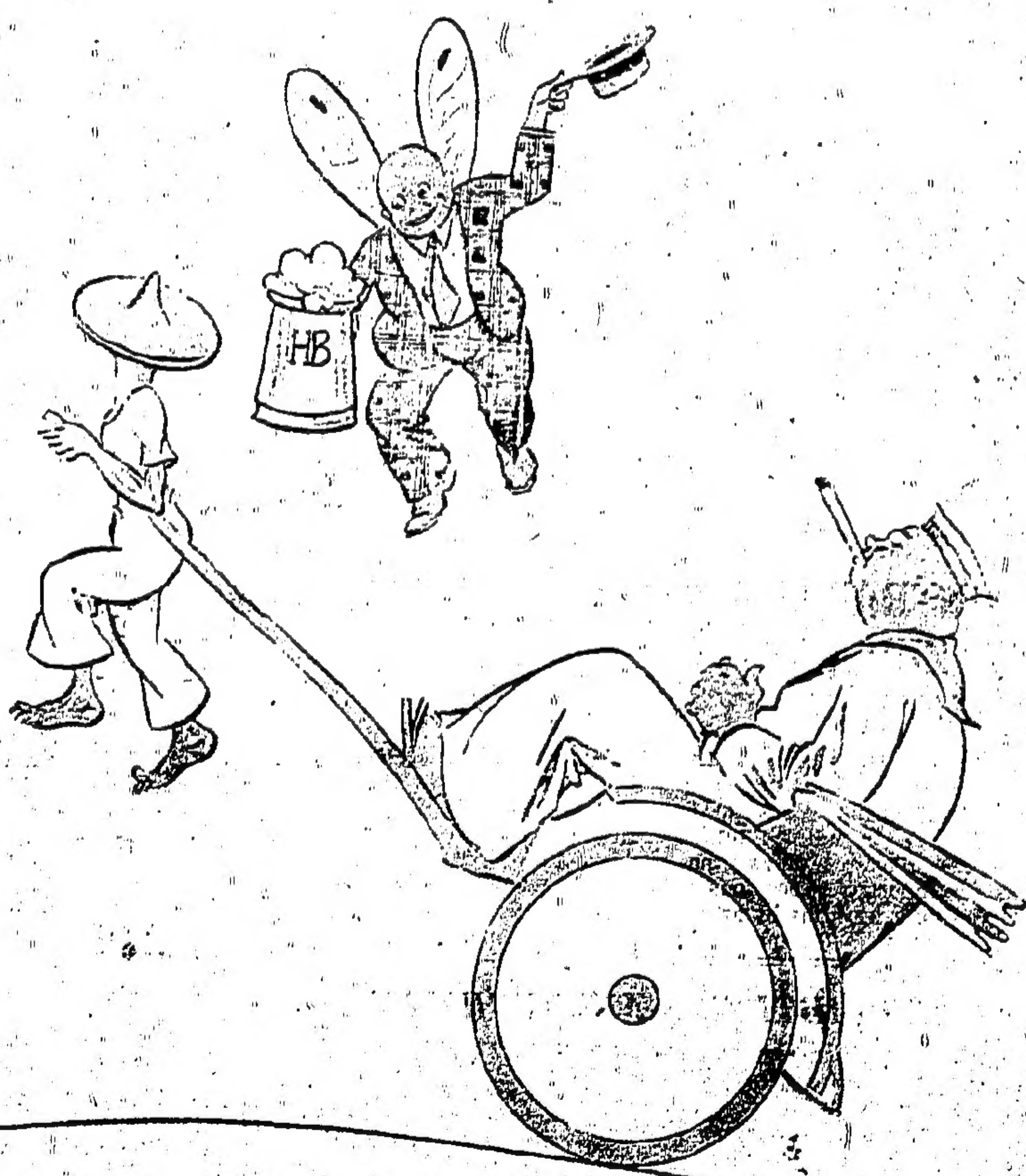
In my humble opinion if Government fail to raise the necessary amount of revenue for the requirements of the war budget by means of taxation other than Income Tax, the Government could fall back on the Colony's surplus which, at \$13,562,205.00 as on January 1, 1939, represents over 33% of the total ordinary revenue for the whole year.

The above, Sir, was all I proposed to say, had not the budget debate been postponed on November 9. As by the rules of debate, laid down by Your Excellency many of the previous Unofficial members, including my two Chinese colleagues, are debarred from answering the speech of the Honorable the Financial Secretary made on that day, I must add a few remarks in reply to that speech.

NOT CONVINCING

No one who has listened to or read the Financial Secretary's speech of November 9 could possibly fail to appreciate its brilliance as a debating effort. But, if I may say so, his speech upon a close analysis is not convincing because it fails to deal adequately with the fundamental objection to the tax, namely, its effect on the Colony; and because it is devoted largely to an argument as to the absence or presence of administrative difficulties.

Continued on Page 5



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TOMORROW

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COMPLIMENTARY TICKETS!

On display in the lobby of the Queen's Theatre from to-day are numerous photographs of Hong Kong ladies and Gentlemen taken at random by a roving cameraman. If you can identify yourself in one of these photographs, please apply to the house Manager for a complimentary ticket to see Metro-Goldwyn-Mayer's picture entitled "THE ADVENTURES OF HUCKLEBERRY FINN."

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Here youth finds love amid the strangest settings, a primitive romance so thrilling, so tender, so strange it definitely becomes on the leaders of film product.



SUN MON "GOOD GIRLS GO TO PARIS"
Joan Blondell, Melvyn Douglas, Walter Connolly.

MATINEES: 20c-30c • EVENINGS: 20c-30c-50c-70c

STAR

TODAY AND TOMORROW

LESLIE HOWARD
in
George Bernard Shaw's
"PYGMALION"
with WENDY HILIER
An MGM Picture

S NDAY, FOR ONE DAY ONLY
SELECTED
PARAMOUNT VARIETY PROGRAMME

COMING EVENTS

NOV.
17—Tides: High 3.15 p.m.; Low 7.34 a.m. and 8.49 p.m.
Sunrise: 6.36 a.m.; Sunset: 5.40 p.m.
Criminal Sessions at Supreme Court, 9.30 a.m.
Crown Land Sale (D.O. South), 11 a.m.
Y.M.C.A.: Badminton, 6 p.m.
Canadian Chinese Club sixth annual dinner dance, in aid of charities, at Peninsula Hotel Roof Garden, 8.30 p.m.
St. Paul's Girls' College Bazaar, 3 p.m.
Cherry Club, Darts, Ping-Pong and Billiards.
Folo-Royal Scots vs. H.K.S.R.A. Boundary Sheet, 3.30 p.m.
H.K. Reel Club Practice, Helena May Inst., 4.45 p.m.
Service Men's Dance, S. & S. Home, 8.30 p.m.
Christian Fellowship Mtg., Helena May Inst., 10.30 a.m.
T.C. H. St. Andrew's, 6.45 p.m.
Fire Brigade Display, at Wanchai Fire Station.
Ladies Working Party (B.W.O.P.), Govt. House, 9 a.m.—1 p.m.
18—Tides: High 12.10 a.m. Low 8.26 a.m.
Sunrise: 6.37 a.m.; Sunset: 5.39 p.m.
H.K. Jockey Club's 11th Extra Race Meeting.
R.E.W.O. and Serpts. Mess, Whist Drive and Dance, 8.30 p.m.
Y.M.C.A.: Badminton, 10 a.m.
Ministering Children's League, Sale of Work and Concert, Hoop Yuen School, 11 a.m.—6 p.m.
D.G.S. Bazaar, 3 p.m.
St. Andrew's Mothers' Union Tumble Sale, 3 p.m.
Royal Scots (2nd Bat.) Corporals Dance Hotel Cecil, 8 p.m.
19—Tide: St. Andrew's vs. St. George.
C.R.C. Open Mixed Doubles Tennis Tournament Semi-finals.
Y.M.C.A.: Discussion Group, 9 p.m.
Speaker—Rev. F. Short "The Problem of Unanswered Prayer."
St. Teresa's Church—Wedding: Alvares Gardner.
Governor's Cup Football, Navy Ground, 3.30 p.m.
Symphony Concert, Peninsula Hotel, 8 p.m.
20—Crown Land Sale, P.W.D., 3 p.m.
St. Andrew's Club, Badminton; Mother's Union and Fellowship Whist Drive.
Y.M.C.A.: War Work, 40 a.m.; A.D.C. Rehearsal 8 p.m.; Whist Drive 8.30 p.m.
21—Street Sleepers' Shelter Society annual meeting, 3.30 p.m.
University of H.K. (St. John's Hall) Lantern Lecture on "A Visit to Kandyka" by Prof. W. Brown, 8.30 p.m.
Y.M.C.A.: Bridge Class, 10 a.m.; Badminton.
H.K. Rotary Club Tiffin Mtg., 1 p.m.
St. Paul's Girls' College: Presentation to Bishop R. O. Hall, 4.30 p.m.
22—H.K.R.A. Rifle Shoot—1.45 p.m. Claims against estate of Charles Buchanan Matthews due.
St. Joseph's Church: Wedding—Brooks-Caudron.
St. Stephen's Girls' College Concert in Aid of H.K. School for Deaf, 8 p.m.
Y.M.C.A. Badminton until 12 noon; Bandage Class; Ladies Night, 7.30 p.m.
23—American Thanksgiving Day. Claims against estate of Yong Nee Chai due.
Theosophical Society: Speaker—Mr. John Russell "Occult Study," 8 p.m.
St. Andrew's Club, Social Evening.
Y.M.C.A. Games Morning; A.D.C. Rehearsal, 8 p.m.
24—Claims against estate of Edward Osborne due.
H.K. Reel Club, Annual Dance, Peninsula Hotel, 9 p.m.
Sino-British Cultural Assn. Mtg. Speaker: Dr. G. A. O. Herklotz "China's Contribution to English Gardening."
Y.M.C.A.: Badminton.
R.E.O.C.A. Supper Dance, Peninsula Hotel, 8.30 p.m.
St. Andrew's Church: Day of Prayer and Gifts.
St. John's Cathedral Fair, Volunteer Rpt.
R.E.W.O. and Serpts. Mess, Whist Drive and Dance, 8.30 p.m.
Kowloon Bowling Green Club, Closing Day, 2 p.m.
25—H.K.R.A. Rifle Shoot—9 a.m. Golf—First Round of Club Championship.
C.R.C. Open Mixed Doubles, Tennis Tournament Finals.
27—Girl Guides Annual General Mtg., Sandilands Hut, 10.30 a.m.
H.K. Art Club Annual Exhibition, St. John's Hall, 10 a.m.—7 p.m.
St. Andrew's Club, Badminton.

Radio Programmes

HONGKONG

Z On Wavelengths of 355
S metres (845 k.c.s.) 31.6
W metres (9.52 megacycles).

ANOTHER "MUSICAL COCKTAIL" BY ERICH FORGES

Cesar Franck Symphony

12.15 p.m. Short Service of Intercession.

12.30 Maria Eggerth (Soprano) and Czech Philharmonic Orchestra.

Always, When I Am Happy (from the film) Manola (film "Always" when I am happy)—Marta Eggerth (Soprano) with Orch. Slavonic Dance No. 11 in F Major (Dvorak); Slavonic Dance No. 13 in B Flat Minor (Dvorak). Czech Philharmonic Orchestra cond. by Václav Talich. Wonderful To Be In Love (film "Das Hochkonzert")—Marta Eggerth (Soprano) with Orch. From Bohemia's Meadows and Forests (from "My Country"—Smetana)—Czech Philharmonic Orchestra cond. by Rafael Kubelik.

1.00 Local Time Signal, and Weather Report.

1.03 Phil Regan (Vocal) in an Irish Programme.

Londonderry Air (Traditional)—Albert Sandler (Violin) with Sidney Torch at the Organ. When Irish Eyes are Smiling (Graft and Others); Come Back To Erin (Claribel)—Phil Regan (Vocal) with Orch. Mayo Hornpipe; Reel in the Sink—Irish Reel—Frank Murphy (Accordion) with Piano. Outings of Paradise (from the film); A Sweet Irish Sweetheart of Mine (film "Outside of Paradise"—Phil Regan (Vocal) with Orch. Double Jigs—Medley; Reels—Medley—Frank O'Higgins (Traditional Fiddle) with Julia Gray at the Piano.

1.20 Reuter and Rugby Press, Weather Forecast and Announcements.

1.45 Dance Music.

Fox-Trots—I Still Love To Kiss You Goodnight (film "32nd Street"); Blossoms On Broadway (from the film); Carroll Gibbons and the Savoy Hotel Orchestra. Tango—Carina Gaudin; Milonguita—Orquesta Tipica Francisco Canaro. Slow Fox-Trot—Everything You Said Came True; Swing Step—Stop! You're Breaking My Heart (film "Artists and Models"); Jack White and His Collegians. Waltz Viennese Romance; Tango Fox-Trot—City of a Million Dreams—Jack Wilson and His Versatile Five. One-Step—Amazon Goes A-Wooling; Fox-Trot—Glamorous Girl—Jack Harris and His Orchestra.

2.15 Close down.

6.00 Musical Comedy Selections.

"Stop Press" Selection—New Mayfair Orchestra with Vocal Refrain. Music in the Air—Vocal Gems (Hammarskjöld and Kern). Light Opera Company with Orch. "Going Greek"—Selection—Debroy Somers Band with Vocal Trio.

6.25 An hour of Dance Music.

Tango—El Adios; Pasionaria—Orquesta Tipica Francisco Canaro. Fox-Trot—Two Shadows in the Moonlight; Moon At Sea—Billy Thorburn and His Music. Fox-Trot—Caravan; I'm Feelin' Like A Million (film "Broadway Melody of 1938")—Nat Gonella and His Georgians. Tango—Fortuna; Fireflowers—Robert Renard Dance Orchestra. Slow Fox-Trot—Once In A While; Waltz—Giannina Mia (film "Pinky")—Victor Silvester and His Ballroom Orchestra. Fox-Trot—Ten Pretty Girls; Oh, They're Tough—Mighty Tough in the West—Nat Gonella and His Georgians. Fox-Trot—I Saw A Ship A-Sailing; Waltz—The Greatest Mistake of My Life—Henry Jacques with His Correct Dance Tempo Orchestra. Fox-Trots—Don't You Care What Anyone Says; I Never Knew—Teddy Foster and His Kings of Swing. Waltz—The Waltz Lives On (film "Big Broadcast of 1938")—Fox-Trot—You Took The Words Right Out Of My Heart (film "Big Broadcast of 1938")—Henry Jacques and His Correct Dance Tempo Orchestra.

Closing Local Stock Quotations.

7.50 Reginald Foot at the Organ.
One Kiss (from New Moon); Lower, Come Back To Me (from New Moon). Second Serenade (Haykema).
7.40 Studio—Another "Musical Cocktail" by Erich Forges (Piano). (From Jimmy's Kitchen).
8.00 Local Time Signal, Weather Report and Announcements.
8.03 Cesar Franck—Symphony in D Minor.

Philadelphia Symphony Orchestra conducted by Leopold Stokowski.

8.43 Piano Recital by Eileen Joyce.

Scherzo Op. 18, No. 2 (D'Albert); Trios Danzas Fantastiques (Shostakovich). Si Oiseau J'Etait, A Tui Je Voletais (Bird Study—Henselt); En Route (Concert Study—Palmgren); Prelude In A Flat Major, Op. 23, No. 8 (Rachmaninoff); Prelude In A Minor, Op. 23, No. 8 (Rachmaninoff); Prelude In D Flat Major, Op. 32, No. 13 (Rachmaninoff).

8.55 Studio—Comments on Recent Events.

9.15 London Relay—The News.

9.30 London Relay—World Affairs.

9.45 Verdi's "La Traviata" Act III.

Singers in order of appearance: Mercedes Capet (Soprano); Ida Comar (Contralto); Baccioni (Baritone); Cecil (Tenor); Calchi (Bass); with Full Chorus of La Scala, Milan, and Milan Symphony Orchestra conducted by Lorenzo Molajoli.

10.17 Light Orchestra.

Midnight Rose (D'Eranger)—Symphony Orchestra. St. Mary's Chimes—Waltz (J. Strauss, arr. Selbinger)—Mark Weber and His Orchestra.

10.30 London Relay—"Song from the Show."

A Variety Programme.

11.00 London Relay—"In England Now."

11.15 Close down.

SHORT WAVE

DAVENTRY

Call	Wavelength
G.S.G.	17.750a. (18.25m.)
G.S.R.	8.512m. (11.55m.)
G.S.H.	21.47m. (11.97m.)
G.S.O.	13.18m. (19.79m.)

NEWS IN ENGLISH

Transmission	Time
News Summary	4.00 p.m.
Full Bulletin	5.00 p.m.
Trans. II & III—News Summary	7.30 p.m.
Full Bulletin	8.45 p.m.
do.	9.15 p.m.
do.	12.00 mid-night
Transmission V—News Summary	7.30 a.m.
Full Bulletin	8.30 a.m.

SHORT TALKS FROM B.B.C.

(All Hongkong Time)
Mondays—Background to the News 11.00 p.m.
Tuesdays—Background to the News 8.15 a.m.
Wednesdays—Background to the News 11.00 p.m.
Thursdays—Background to the News 11.00 p.m.
Fridays—Background to the News 11.00 p.m.
Saturdays—Background to the News 11.00 p.m.
Sundays—Background to the News 11.00 p.m.

"JESSE JAMES" AT THE MAJESTIC TOMORROW

Culminating two years of intensive research and six months of actual filming, Darryl F. Zanuck's production, "Jesse James," 20th Century-Fox's spectacular drama of the nation's most famous outlaw and the turbulent events that gave him to the world, opens tomorrow, in brilliant technicolor, at the Majestic Theatre. From the first suspenseful moment of the film's beginning, up to the smashing climax at its conclusion, "Jesse James" hurries from one thrilling sequence to another with a breathless tempo that is seldom achieved on the screen. Tyrone Power, in the title role, gives what can only be described as one of the finest performances of the year. Henry Fonda is excellent as Frank James, brother of Jesse, and Nancy Kelly, as Jesse's wife Zee, tops every performance she has given to date. Randolph Scott is splendid in the role of Marshall Wright.

COLONY HEALTH BULLETIN

Twelve cases of tuberculosis, ten cases of dysentery, two cases of enteric fever, one case of diphtheria and one case of cerebro-spinal fever were notified to the Health Department on Nov. 15.

KING'S

TO-DAY ONLY AT 2.30, 5.15, 7.15 AND 9.30 P.M.



ALSO SPECIAL ADDED
**UNIVERSAL'S Latest
WAR NEWS**
TOMORROW

IN GLORIOUS TECHNICOLOR!
SHIRLEY TEMPLE
THE LITTLE PRINCESS
A 20th Century-Fox Picture

ALHAMBRA

SHOWING TO-DAY
NEVER BEFORE HAVE THE INNERMOST SECRETS OF
A WOMAN'S HEART BEEN SO DARINGLY BARED!

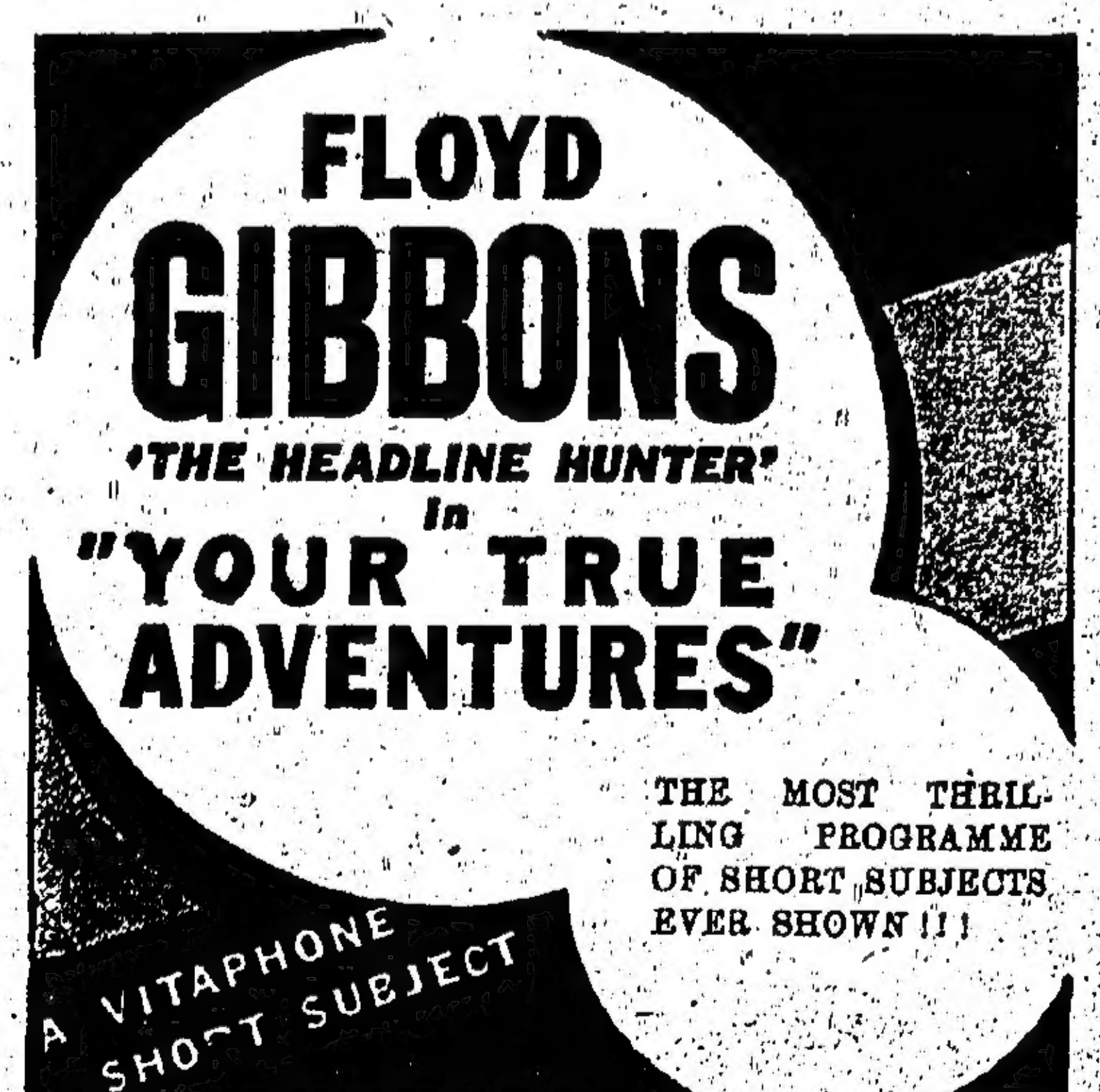


NEXT CHANGE • **"RISKY BUSINESS"**
New Universal Picture • George Murphy • Dorothea Kent

MAJESTIC THEATRE

MATINEES: 20c-30c • EVENINGS: 20c-30c-50c-70c

FINAL SHOWINGS TODAY
THRILLS!!! ACTION!!! SUSPENSE!!!



COMMENCING TOMORROW
Epic Drama of a Lawless and Turbulent Era That
Gave the World Its Most Famous Outlaw!
TYRONE POWER in **"JESSE JAMES"**
HENRY FONDA in
A 20th Century-Fox TECHNICOLOR Production

CATHAY

DAILY AT 2.30, 5.15, 7.20 & 9.30 P.M.
MATINEES—20c, 30c, 40c. EVENINGS—20c, 30c, 50c, 70c.

TO-DAY, ONE DAY ONLY!
The FOURTH of Another M-G-M Revival Week.
RED BLOODED ROMANCE OF WILD WEST!
Out of the glamorous West... sweeps immortal romance... as
thrilling as its unforgettable love songs.
Mighty cast of 10,000!



LOUISE RAINER, FERNAND GRAYET in
TOMORROW: "THE GREAT WALTZ"

SUN. MON.: **"MUTINY on the BOUNTY"** Charles Laughton Clark Gable

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- Ovaltine is 100 per cent. concentrated nourishment. It will, by itself, sustain strength & stamina over prolonged periods if necessary.
- Ovaltine can be taken dry if required. Sold in sealed tins, it keeps for years if unopened.
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For Stamina—For Nerves
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Price Reasonable Best Quality



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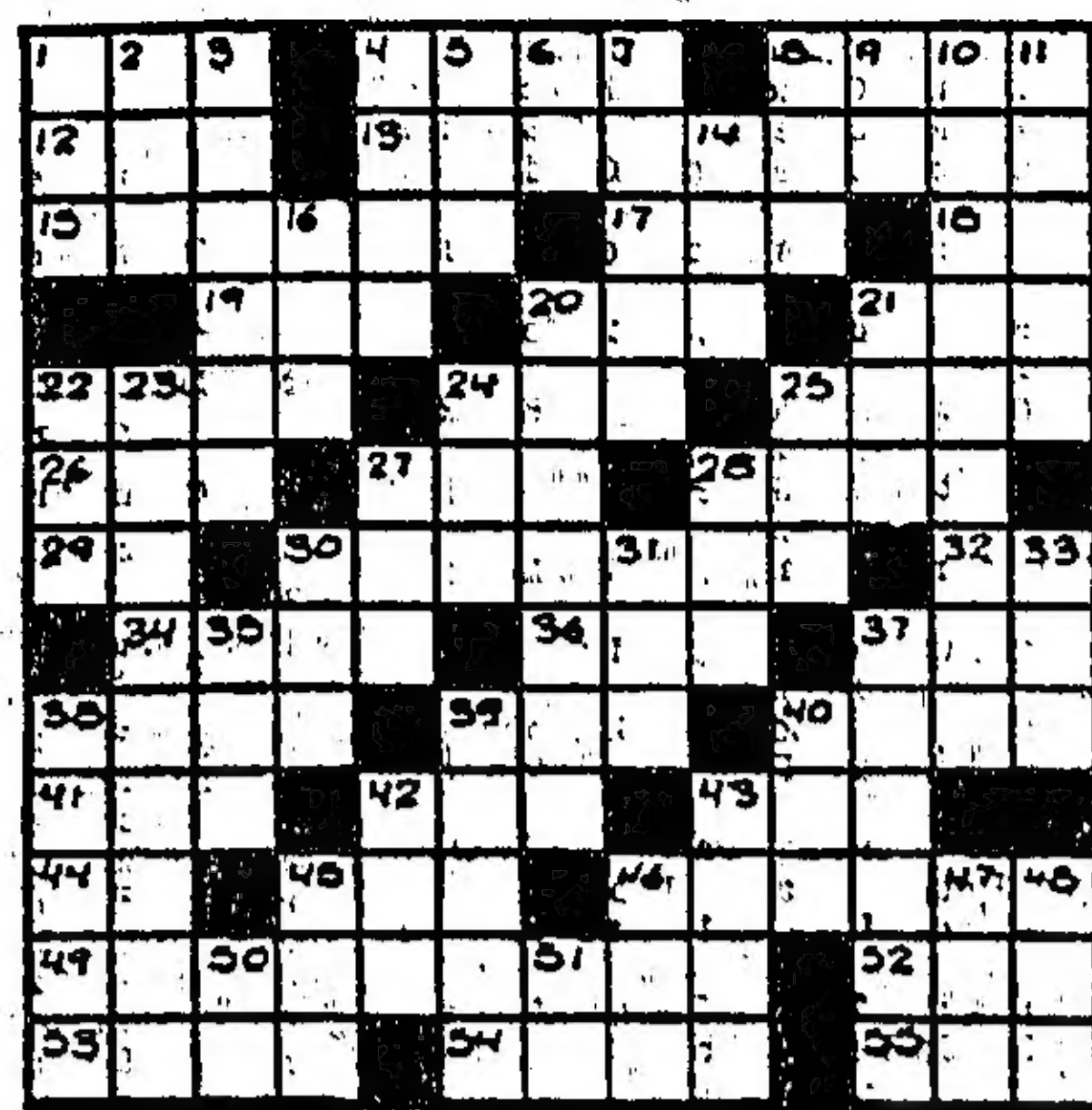
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CROSSWORD

NO. 464

ACROSS
1. Possessive pronoun
4. Warm-weather drink
8. Mimicked
12. Territorial division in Denmark
13. Public Walk
15. Faucet
17. Silkworm
18. Above
19. Eastern
20. Beverage
21. Perform
22. Grew old
24. Jagged cliff
26. Nurse in India
28. Weight of India
27. Vehicle
28. Dill
29. Printer's measure
30. Hangings
32. At home
34. Weir
36. Deer
37. In addition
38. Colour
39. Find the sum
40. Circle
41. Rodent
42. Negro tribe in the Cameroons
43. Distant
44. By
45. Pasture
46. Injury
49. Grows exuberantly
52. Period of time
53. River in France and Belgium
54. Encounter
55. Before



DOWN
1. Possesses
2. Mischievous
3. Dutch coin
4. Blemish
5. Fragment
6. Make
7. Mohammedan noble
8. Cuckoo
9. Father
10. Training
11. Profoundness
14. Period of time
16. Son of Jacob
20. Explosive shell
21. Core over which metal objects are fashioned
22. Peter Gyn's mother
23. Produces
24. Chinese pagoda
25. Some
27. Weep
28. Noah's vessel
30. Arid
31. Former days
33. Wooden peg
35. Dine
37. Long-drawn speech
38. Liquid dressing
39. Opposite the middle of the ship's side
40. Engine of war
42. Small island
43. Swift
45. Through
46. River in England
47. Pike-like fish
48. Sense organ
50. Earth goddess
51. Symbol for tellurium

SOLUTION TOMORROW

SHANGHAI WILL ALWAYS HAVE DESTITUATES

10,000 Chinese Now Relying On Charity

SHANGHAI, Nov. 16 (Reuter).—Shanghai will always have at least 10,000 Chinese destitutes, relying on charity.

This is the view of officials of the Shanghai Refugee Relief Association who have just started a movement to raise \$1,000,000 as a reserve fund to aid the city's homeless—most of them war refugees.

MORE ARRIVALS

All possible efforts are being made to disperse these refugees by sending them to obtain employment. But there are nearly 40,000 destitute persons needing aid, and more continue to arrive almost daily.

The majority are aged people, women and orphans, victims of Sino-Japanese hostilities. Many are in refugee camps, but thousands lead a precarious, wandering existence in and around Shanghai.

OVERSEAS CHINESE RECLAMATION COMMISSION

KUNMING, November 16 (Central).—The Yunnan Provincial Government has organised an Overseas Chinese Reclamation Commission.

The Commission is headed by Mr. Chang Hsi-lin, Yunnan's Reconstruction Commissioner. It has marked off Mengtze and two other districts for reclamation purposes, and is locating a site for building residences for overseas Chinese in the outskirts of Kunming.

POLISH AND NAZI INTERESTS

WARSAW, Nov. 16 (Reuter).—The Polish Police have been ordered to watch over the interests of the Poles. Henceforth, it was announced, German Police will be available to watch over the interests of Germans only.

Solution No. 463

SHADISPEDTIVA
PALEITELETNIL
AMENIORIENTAL
REVEREICEERY
OPERAIBOLDER
WONISEINEISAT
SEVERNIVITRO
ZEROTLESSER
SOUTSTARS
PRETTIERURAL
ILLHONETASE
TEAENDSISTET

NEW APPOINTMENT FOR GEN. SMUTS

JOHANNESBURG, Nov. 16 (Reuter).—Gen. Smuts has accepted, in his private capacity, an appointment by the United States and Belgium as one of the three Joint International Commissioners, under the Belgian-United States Peace Treaty of 1929.

The primary aim of the Treaty is the advancement of Peace. The appointment will not require Gen. Smuts to go abroad.

SAY
Gordon's
...and know
what you're
drinking!



NO COLOURING MATTER
NO INJURIOUS INGREDIENTS

KAIPING COAL FOR ALL PURPOSES

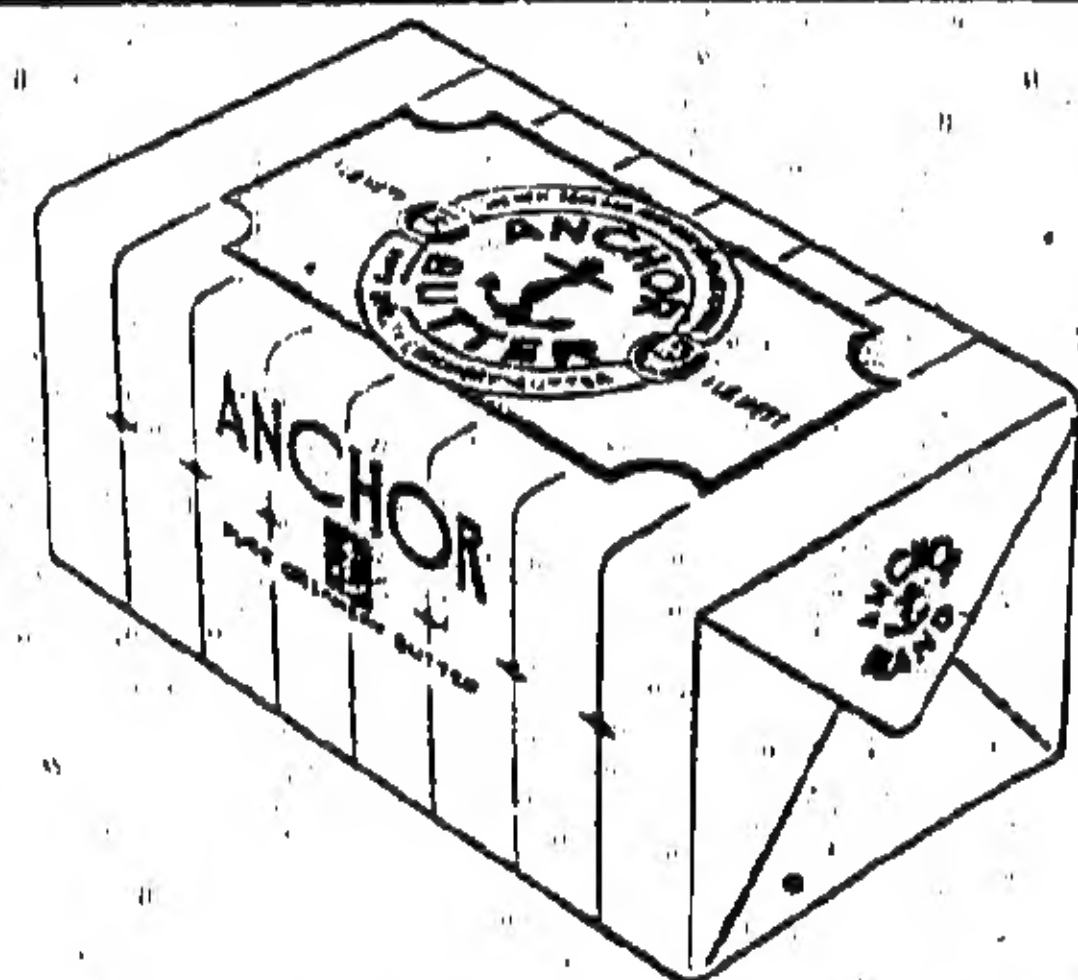


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HOTEL

SUNDAY

19th NOVEMBER, '39

BAND CONCERT

BY THE COMBINED ORCHESTRAS

OF THE HONGKONG & SHANGHAI HOTELS, LTD.

— UNDER THE DIRECTION OF —

GEO PIO ULSKI and ART CARNEIRO

IN THE LOUNGE—9 P.M. TILL 11 P.M.

THE HONGKONG & SHANGHAI HOTELS, LTD.



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CHOCOLATE BROWN
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AS ILLUSTRATED

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WITH POUCH POCKETS

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—IDEAL FOR GOLF WEAR—SOFT AND LIGHT
WEIGHT

FROM 25.00 UP

WILLIAM POWELL, LTD.
10, ICE HOUSE STREET.

PUBLIC AUCTION.

THE Undersigned have received instructions from the Liquidators

to sell by

PUBLIC AUCTION
on

Monday, the 20th November, 1939
commencing at 10.00 a.m.

at the offices of Messrs. Carlowitz
& Co. (in Liquidation) 3rd Floor,
Bank of China Building, Queen's
Road, Central.

A LARGE QUANTITY OF OFFICE
FURNITURE

comprising:—

Teakwood Desks, Typewriter
Tables, Office Chairs, Glass
Cabinets, Counters, Showcases,
Shelves, Pictures, Clocks, Sundries,
Battan Furniture, Sun Blinds,
Floor Mats, Rugs, Electric Ceiling
Fans and Lights, Typewriters,
etc., etc.

and

12 Steel Safe Cabinets
2 Iron Safes

On View from Saturday, the 18th
November, 1939.

Terms: Cash on Delivery.

LAMMERT BROS.
AUCTIONEERS

PUBLIC AUCTION.

THE Undersigned have received instructions

to sell by

PUBLIC AUCTION
on

Tuesday, the 21st November, 1939
commencing at 10.30 a.m.

at No. 283, Prince Edward Road,
Kowloon. (Top Floor).

A QUANTITY OF VALUABLE
HOUSEHOLD FURNITURE

comprising:—

Bedsteads, Wardrobes, Sideboard,
Dining Table, Chairs, Glass
Cabinet, Bookcase, Glass and Brass
Ware, Crockery, Standard Lamp,
Carpets, Rugs, Cooking Utensils,
etc., etc.

also

One "Norge" Refrigerator

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November, 1939.

Terms: Cash on Delivery.

LAMMERT BROS.
AUCTIONEERS

LAMMERTS' AUCTIONS

PUBLIC AUCTION.

THE Undersigned have received instructions from Liquidators and others

to sell by

PUBLIC AUCTION
on

Friday, the 17th November, 1939
commencing at 2.30 p.m.

at their Sales Room, No. 35, Han-
kow Road, Kowloon.

A QUANTITY OF VALUABLE
HOUSEHOLD FURNITURE

comprising:—

Divans, Teak and Iron Bedsteads,
Wardrobes, Chests of Drawers,
Dressing Tables, Washstands, Ches-
terfield Suites, Sideboards, Dining
Tables, Dinner Waggon, Chairs,
Cabinets, Desks, Bookcases, Tables,
Carpets, Rugs, Wardrobe Trunks,
Ice Chests, Pictures, Clocks, Or-
naments, Cutlery, Tea and Coffee
Sets, E. E. Brass, Glass and Porce-
lain Ware, Electric Heaters and
Lamps, Curios, Gramophones and
Records, Blackwood Furniture,
Cooking Utensils, etc., etc.

also

Two Radio Sets
One Electric Refrigerator
One Camera & Tripod "Zeiss Ikon"

and

A Quantity of New Linen including
Bed Sheets and Covers, Napkins,
and Embroidered Table Covers.

On View from Thursday, the 16th
November, 1939.

Terms: Cash on Delivery.

LAMMERT BROS.
AUCTIONEERS

CHINESE PRODUCTS EXHIBITION

Preparations are being made by
the Hongkong Chinese Manufac-
turers' Union for the annual ex-
hibition of Chinese products.

While the exact date and place
have not yet been fixed, it is
learned that the exhibition will
probably be held at Wanchai for a
week around the Chinese New Year
Day.

The exhibition ground will be
an open lot of 120,000 sq. ft.

Prof. W. Brown will give a lec-
ture, supported by lantern slides
on "A Visit to Klondyke," at St.
John's Hall, Hongkong University,
on Tuesday next, Nov. 21, at 8.30
p.m.

BUDGET DEBATE

Continued from Page 2

The Honourable the Financial Secretary appears to have overlooked two very important observations of the Taxation Committee which briefly summarised, are as follows:—

(1) That the possibility of the successful working of the tax should first be the subject of a detailed investigation with the assistance of an expert preferably familiar with the collection of the tax in an eastern country.

(2) That it would be unwise to impose a tax of this nature until a substantial body of opinion in this Colony believes that the tax can be levied fairly and efficiently.

The Hon. Mr. Caine stresses the point that because the exchange rate of the Hongkong dollar has been stable for the last few weeks at about the highest limit permitted under the stabilization scheme, there has been no substantial outward movement of capital.

It is well known that the exchange rate of the Hongkong dollar is subject to fluctuation caused by many factors which I need not enumerate, and I do not think that it can be taken as any evidence indicating the movement of capital. In this connection I need only point out that the exchange rate of our dollar in terms of the Chinese dollar has depreciated quite substantially since October 12.

A HEAVY INROAD

I have no actual figures available, but I have reason to believe that since Income Tax was mooted, the amount of Chinese currency notes that have been shipped out of the Colony is on the average of about a million dollars a day which constitutes a heavy inroad on the floating capital of the Colony. In addition there is that invisible flight of capital through transactions in sterling operated between here and other financial centres.

The Honourable the Financial Secretary was somewhat caustic in his criticism of arguments advanced against the imposition of Income Tax, because of the difficulties of administration, and he saw fit to set his knowledge against that of the Honourable Senior Chinese unofficial member who to how Chinese accounts are kept.

I am sure that my Senior Chinese Colleague did not intend to weave a net of mystery about Chinese accounting as if he were trying to defend it in that way. It is fundamentally different in a manner that it is not easy to describe. Those who have occasionally to construe it, as for instance in the courts of law or in bankruptcy, know how difficult it is to reconcile it with modern accounting methods.

There is one aspect with which the Honourable the Financial Secretary has not dealt adequately and which should be weighed strongly against Income Tax as a temporary war measure. I refer to the matter of organisation.

As Income Tax is in reality a complex system of taxation, the organisation of the new administrative forces for its collection will require a good deal of time and the normal revenue-yielding power will only be reached many months or perhaps years after its enactment. By the time the new machinery is in working order, the war may have ended or be near its end. The more I think of this aspect of the question, the more I fail to understand why Government should choose Income Tax to finance the war budget.

UNANIMOUS SUPPORT

With reference to Mr. Caine's observation that the Chinese members have made no specific suggestions for alternative taxes I would like to point out that in his speech the Honourable Senior Unofficial Member made it quite clear that he was speaking with the unanimous support of all the Unofficial Members when he asked Government for the appointment of a committee to consider and make recommendation for suitable alternatives. My Chinese Colleagues and I have therefore decided not to make separate suggestion in that regard.

I will now close by paying a tribute to the Honourable the Financial Secretary for the public spirit and unselfish sentiment expressed in the final paragraph of his speech. To meet his laudable wish I think that Government can easily devise a scheme whereby all Government servants whose salaries reach certain figure should be subjected to a special levy as a war contribution.

If Government were to adopt such a scheme I feel sure the Public will readily and cheerfully submit to some alternative taxes which while enabling us to make a substantial contribution to the Imperial Government, would not be injurious to the Colony as would be the introduction of Income Tax.

HON. MR. PEARCE'S SPEECH

The Hon. Mr. T. E. Pearce said: Before dealing with the proposal to introduce a Special War Budget, I have some general observations to make on the Ordinary Budget for 1940-41.

I appreciate the fact these estimates were drawn up and completed before the outbreak of the present war, and I also appreciate the fact the Secretary of State has recommended that we should continue with our social services, but I do not interpret in these recommendations that we are to provide for expenditure on a lavish scale, to the tune of millions, for new and expensive schemes during the present abnormal state of affairs.

In the Financial Secretary's memorandum on the financial position and estimates, we read the following:—

"In view of the uncertain outlook it has been decided to suspend completely all work on the Government House, and no funds for it are to be provided in 1940-41."

I am no pessimist as far as the future of this Colony is concerned, but I do feel this same policy should have been adopted throughout this Budget, for I maintain and do sincerely suggest that the present is a time for caution and curtailment, and that not only the new Government House but other works, important though they may be, should have been held in abeyance until the atmosphere cleared, and a more normal state of affairs prevailed.

RECENT PROSPERITY

It is clear Government has not altogether lost sight of the fact the recent prosperity of the Colony has been due to a number of fortuitous circumstances, due to the Sino-Japanese conflict, for in numerous items of increased Revenue, the explanations repeatedly given are, "Increased population," "Rise in Rentals and less vacant tenements," and such like. Apart from these indications, there is no gainsaying that much of the Colony's prosperity during the last 24 months has been due to the fact it has been a larger clearing house for China's trade than ever before, because of difficulties in other Ports in China.

I therefore hold a strong view, not fully shared by my colleagues, that this Budget, coming at a time when the situation is obscure, should have been framed to show a large surplus, which if realized, could have been held in a special reserve, and utilized at some more suitable time for the various projects referred to by the Senior Unofficial Member. It would, I am convinced, have been more business-like to have postponed these projects and given them consideration when prices of iron, steel and other imported requirements for building had returned to pre-war and reasonable levels.

MEDICAL DEPARTMENT

The rapid growth of the Medical Department with its formidable number of highly paid staff, and consequent increasing pensions list calls for some comment. I am appreciative of the work being done and not unmindful of the lack of Hospital facilities as shown in the comprehensive report recently published. I hope I shall not be described as heartless, if I here express doubts as to whether the Colony can afford to pay this enormous Doctors' bill.

The question of providing bigger hospital accommodation will no doubt be tackled in due course. I hope when that time comes every care will be taken to see there is no extravagance or unnecessary expenditure incurred.

In the meantime, I hope the Director will, when developing the numerous schemes he now has in hand, keep a watchful eye on expenditure.

A.R.P. EXPENDITURE

As I have frequently referred to expenditure on Air Raid Precautions at meetings of the Finance Committee, I must here again express my scepticism, as to whether

Continued on Page 6

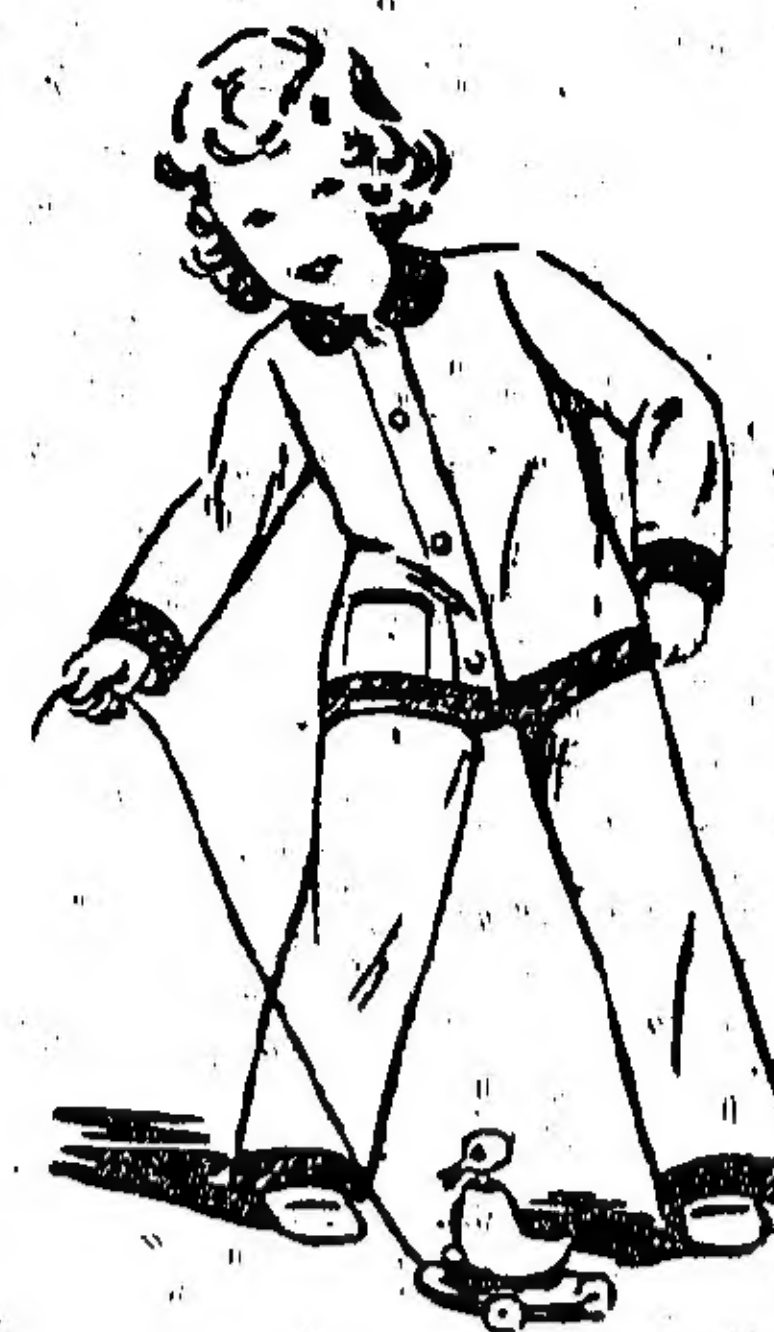
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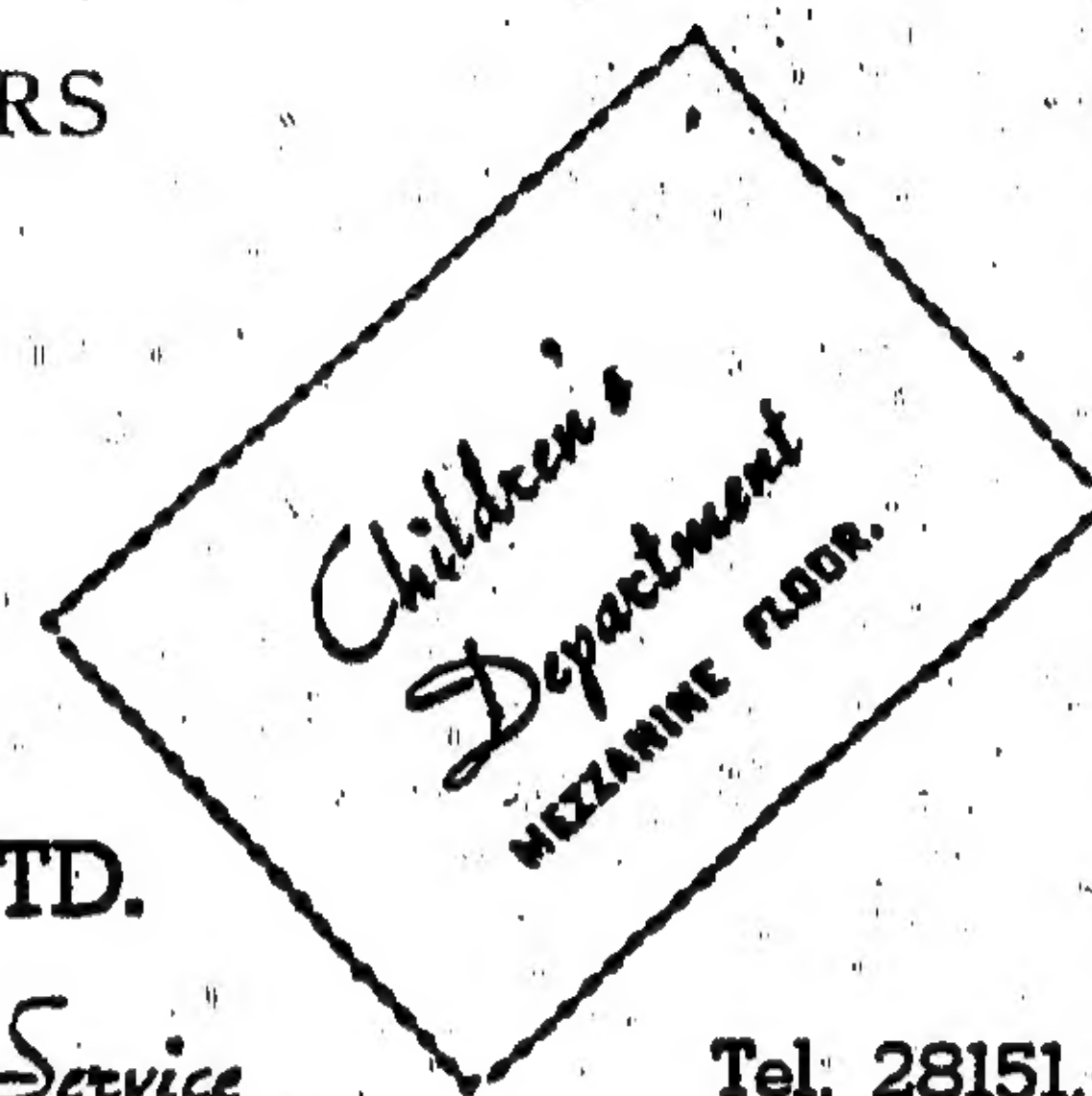


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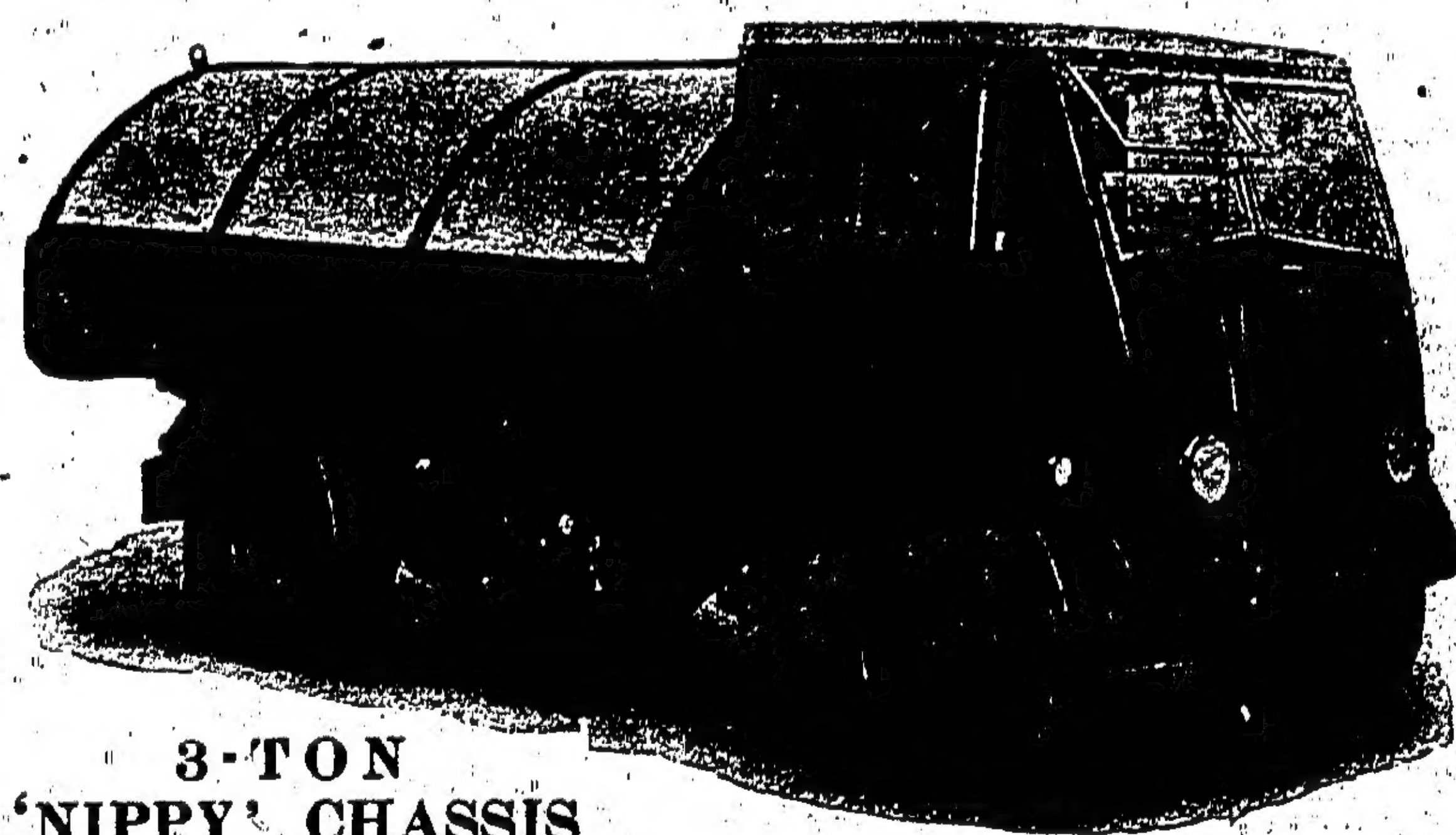
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NEW ADVERTISEMENTS



A vacancy exists for a European British Assistant to the Director of Air Raid Precautions of the Hong Kong Government.

Applications should be by letter in the first instance addressed to the Director of Air Raid Precautions, c/o Colonial Secretariat, Hong Kong, accompanied by full particulars of qualifications and copies of testimonials. Forms of application may be obtained from the Colonial Secretariat.

Applicants should not be under 40 or over 50 years of age, should have held a position of authority, have good organising capabilities, possess tact, be of a genial personality and be capable of taking charge of the department as deputy to the Director. Preference will be given to applicants who have a knowledge of air raid precautions.

Salary will be at the rate of £750 per annum, and the period of engagement will be for three years, terminable at any time by three months' notice or payment of one month's salary on either side.

The selected candidate must pass an examination for physical fitness which will be held by the Hong Kong Medical Authorities, and his appointment will be provisional pending receipt of covering approval by the Secretary of State for the Colonies.

THE HONG KONG REEL CLUB. CHILDREN'S PARTY.

The Children's Party will be held on Wednesday, 22nd November, 1939, at 5.15 p.m. at the Roof Garden, Hongkong Hotel.

Tea \$1.— Children free. S. M. BASKETT, Hon. Secretary. P.O. Box N. 22 832

THE HONG KONG REEL CLUB.

NOTICE.

The Annual Dance will be held in the Peninsula Hotel on Friday, 24th November, 1939 from 9 p.m. to 1.30 a.m. A special ferry for Hong Kong residents will leave Kowloon at 2 a.m. on 25th November.

Members of the Club and members of St. Andrew's Society who wish to participate in this function are requested to communicate with the undersigned before 18th November, in order to facilitate arrangements for accommodation.

S. M. BASKETT, Hon. Secretary. P.O. Box No. 22 804

HONG KONG AUSTRALIAN FREIGHT CONFERENCE DEFERRED REBATES

Shippers are informed that no Deferred Rebates will be paid on the surcharge which was announced on 20th September, 1939.

AUSTRALIAN-ORIENTAL LINE. EASTERN & AUSTRALIAN S.S. CO., LTD. NIPPON YUSEN KAISYA. OSAKA SYOSEN KAISYA. BURNS PHILP LINE.

NEW ADVERTISEMENTS

GOVERNMENT BILLS, ETC.

TENDERS for DOLLARS current in this Colony, for telegraphic transfer, on the Lords Commissioners of His Majesty's Treasury, London, up to and for the sum of £150,000, will be received by the Treasury Chest Officer, Command Pay Office, until 10.15 a.m. on the 17th November, 1939.

The tenders to state the total amount (in pounds sterling). No telegraphic transfer will be made for less than £100, but tenders for sums above that amount to suit the convenience of the tenderers will be considered.

The tenders to be in duplicate, and in sealed covers, addressed to the Treasury Chest Officer, Command Pay Office, and endorsed "Tenders for Government Bills, etc."

The right is reserved (1) to accept or reject any or all of the tenders, and, in particular (2) in case of equality of rate between tenders amounting in all to more than the total sum required, to give preference to any tenders received from Government institutions or from the bankers to the Treasury Chest.

Copies of Forms of Tender can be had on application.

Persons tendering for (Bills) are hereby notified that having regard to the provisions of the Acts 22 George III Cap. 45 and 41 George III Cap. 52 the acceptance of any such Tender is subject to the express condition that no Member of the British House of Commons shall be admitted to any share or part in or to any benefit to arise from the Contract thereby made for the allotment of such (Bills).

The provisions in question do not apply to Contracts entered into by any incorporated Company in its corporate capacity and made for the general benefit of the Company.

T. L. ROGERS, Colonel, R.A.P.C. Treasury Chest Officer, His Majesty's Treasury Office, Hong Kong. 831

PUBLIC AUCTION.

PARTICULARS AND CONDITIONS of the Sale by Public Auction to be held on Monday, the 20th day of Nov., 1939, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one Lot of Crown Land at Wong Nei Chung, in the Colony of Hong Kong for a term of 75 years, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING, for one further term of 75 years.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant), will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT

No. of Sale	Registry No.	Locality	Boundary Measurements	Contents in Square feet	Annual Rental	Upset Price
1	No. 5711	Adjoining Island Lot No. 4993, Blue Pool Road, Wong Nei Chung.	As per sale plan.	About 20,000	338	10,400

NEW ADVERTISEMENTS

NOTICE.

The partnership of Hazeland and Gonella, Civil Engineers, Architects and Surveyors has this day been dissolved by mutual consent.

E. M. HAZELAND UGO GONELLA. 16th November, 1939. 830



Editorial and Business Office: 15-19, Queen's Road Central, Tel. 30251. Night Editor (Wanchai Office): Tel. 24511. London Office: 53, Fleet Street E.C.4.

HONGKONG, NOVEMBER 17, 1939

JAPAN'S NEW PUSH

THE JAPANESE LANDING at Pakhoi, coming at this time, raises interesting questions concerning the next stage of Tokyo's policy in China.

IS THIS NEW CAMPAIGN the beginning of a serious thrust aiming at the destruction of the great military base of Kwangsi and the capture of important junctions in the network of communications linking China's Southwest on the one hand with the Canton-Hankow railway and, on the other, with Indo-China? Or is the occupation of Pakhoi just another of those facile "victories" that the Japanese militarists love to feed to their people after they have suffered serious defeats—an antidote to the debacle at Changsha as the capture of Amoy was an antidote to Tientsin?

ALTHOUGH THERE is not enough information available to warrant a judgment, the general political circumstances in the Far East are such as to lead one to believe that a new Japanese offensive is indeed near. After rising strongly for at least the tenth time since the beginning of the hostilities, the rumours of direct peace negotiations between Tokyo and Chungking have for the tenth time been exploded. The Japanese are making a big noise about Wang Ching-wei but do not hesitate to sabotage his unsavoury attempts to achieve an agreement among the rag, tag and bobtail of Chinese traitors—so afraid are they of any semblance of unity even among their slaves. At the same time, they must prove to themselves, to the waverers in Free China, and to those hardened Japanophiles in London who spend their time concocting plausible reasons for doing a deal with the aggressor in the Far East while expressing undying hatred for the whole principle of aggression in Europe, that the "New Order in East Asia" really has force and reality. In pursuit of these objects they come again to their old, old slogans—the crushing of Chinese resistance, the elimination of Chiang Kai-shek, the forcing of China "to her knees."

THIS BEING THE CASE, it is logical to suppose that the Japanese will proceed in the near future with their plans of driving into the Southwest to cut at least the Haiphong-Dongdang route of supplies, lay the Hanoi-Kunming and Burma roads open to aerial bombardment and so destroy or render useless all the channels through which any improvement of relations between China on the one hand and Britain, France and the United States on the other,

H.K. CRICKETER MARRIED

Mr. A. K. Ismail And Miss A. Suffiad

Of particular interest to cricket circles was the wedding which was solemnised yesterday afternoon, under Muslim rites, between Mr. A. K. (Percy) Ismail, son of the late Mr. and Mrs. S. C. Ismail, and Miss Ashrafid Suffiad, daughter of the late Mr. M. D. Suffiad and Mrs. M. D. Suffiad.

After the ceremony a reception was held at the Indian Recreation Club when a large number of friends gathered to drink to the health and happiness of the bride and bridegroom.

Proposing the toast, Mr. A. el Arculli, President of the I.R.C., said that it was hardly necessary for him to dwell on the good qualities of either the bride or the bridegroom both of whom he had known from their infancy. For this reason it was a great privilege for him to perform the pleasant duty.

Replying, the bridegroom said that he was too happy to know really what to say but he wanted to thank everybody for their presence and all those who had sent such lovely gifts.

Mr. Ismail plays regularly for the Craigmower C.C., senior League team and is a most useful bowler and batsman.

FORTHCOMING MARRIAGES

The following notices of forthcoming marriages were posted at the Supreme Court yesterday:—

Mr. Hui Kwok-wa, shroff of Cable and Wireless, 89, Elgin Street, first floor, and Miss Tsui Sak-wa, 78, Nga Tsin Wah Road, third floor, Kowloon City.

Mr. Paul Ho Sau-yick, Inspector of Police, 33, Wanchai Road, and Doris Ko Kwok-wah, 18, Li Po Lung Terrace, Kennedy Town.

Mr. Li Ping-kwan, merchant, 46, Bonham Strand East, second floor, and Miss Ip Sau-chan, 277 Des Voeux Road Central, third floor.

Mr. Johnston Wong, Branch Manager, Columbia Films of China, Ltd., 12, Bonham Road, and Miss Kathryn Ma, 180, Tai Po Road, Shumshuipo.

Mr. Alfred E. Fisher, Central Radio Service, 31, Sau Wah Fong, second floor, and Miss Margaret Doris Sundaram, 231, Gloucester Road, first floor.

Mr. Mok Choon Kai, agriculturist, 193, Johnston Road, ground floor, and Miss Leong Wai Lau, 7, Yuk San Street, second floor.

POPPY DAY FUND, 1939

The following is the latest list of subscriptions, received for the British Legion's Poppy Fund, 1939:

Previously acknowledged \$16,822.80: St. Andrew's Church, Kowloon \$94.11; Klungchow collections N.C. \$90, \$28.44; Street Sales, Kowloon \$2,458.96; Royal Artillery \$22; Additional Hongkong Street Sales \$86. Total: \$19,562.31.

G.I.C. SUMMONSES DISMISSED

The two summonses brought by the Green Island Cement Company against Jolop and Co., Marina House, and Utomol and Assudomol Co., Dina House, for infringement of the Green Island Cement trade mark, were both dismissed by Mr. Q. A. A. Macfarlane at Kowloon Court yesterday. The defendant firms were awarded \$150 costs. Mr. O. E. C. Marton appeared for the prosecution while Mr. F. G. Nigel defended.

might find concrete expression. They will then attempt to approach these countries with "reasonable" proposals, acting on the assumption that it is always easier to give away what one no longer has, and that some form of agreement with the Allies will then become much more of a possibility.

THERE IS NO REASON to suppose, however, that the hopes of the Japanese in this respect will meet with any greater measure of success than any of their previous schemes. So long as China continues to resist, so long will Japan's strength be insufficient to overcome her resistance—and so long will both realistic considerations of power and the pressure of public opinion prevent diplomatic developments of a nature likely really to undermine her struggle.

Mr. Pearce's Complaint Against Sanitary Department

Continued from page 5

the Colony is getting full value for its money. I cannot believe it was ever anticipated that such a big amount was to be expended, and I hope the expenditure on capital account for this new department will soon be completed.

I regret that I must level a complaint against the Sanitary Department, on the question of the cleanliness of our streets. I believe there is some difference of opinion in regard to this matter, and also some difficulty in regard to the water supply required.

I hope that a satisfactory solution of these differences will be arrived at, for I feel strongly, as do many others, that money will be well spent if our roads and streets are kept in clean condition.

I must also comment on the Squatter Settlements in various overcrowded districts, particularly the way matched buildings are allowed indiscriminately on the hillsides. I appreciate there are numerous difficulties in the way, but I maintain these settlements are no credit to whoever is responsible for their supervision.

PENSIONS

As one who has from time to time voiced criticism, I should be wanting in my duty if I did not make some reference to Pensions, for this is a subject that is constantly discussed in business circles with ever increasing alarm and apprehension.

The Colony is fully justified in its demands that this question be tackled forthwith, and a scheme evolved whereby it will definitely know its total commitments from year to year, and not have to rely upon an estimate in the Annual Budget.

I cannot believe there is any better service the Financial Secretary can render this Colony than for him to solve this stupendous problem satisfactorily.

Although I am not altogether satisfied the pensions already being enjoyed cannot be put on a proper actuarial basis, the future could, I believe, be catered for by the institution of some sound Provident Scheme.

I venture to suggest, Sir, this question of Pensions is already getting out of hand, and unless dealt with firmly, efficiently and immediately, will be too heavy a load for this Colony to bear.

I hope it will not be long before Government can make some announcement, that an expert is dealing with the whole question.

SPECIAL WAR BUDGET

Coming now, Sir, to the question of the Special War Budget, and the proposal to introduce Income Tax to provide funds to meet that Budget, I gladly avail myself of the Honourable the Financial Secretary's invitation made in the opening sentences of his speech to make some rejoinder to his arguments and contentions. I am also grateful to you, Sir, for agreeing to a postponement of this adjourned Council Meeting until today. This courtesy is very much appreciated.

The Honourable the Financial Secretary, naturally with bias in favour of the Tax, has ably dealt with its numerous aspects and has assailed the arguments made by Unofficial Members with spirit, but his arguments are not convincing. After close scrutiny of his speech, I can see no reason to alter my views.

I am still of opinion that the introduction of this particular form of taxation cannot be anything but a hindrance and deterrent to the business of this Colony. I hold it to be of paramount importance that the cheap and easy facilities offered by this Port must be maintained, and that its financial structure to deal with this trade is not hampered.

I am in agreement with the Honourable Financial Secretary when he declines to accept the allegation that the Colony has been suffering during the last two years from trade depression in consequence of the Sino-Japanese hostilities. The view of my Unofficial colleagues and the commercial community generally is that the Colony has undoubtedly enjoyed a wave of prosperity. But at the same time there is no doubt that those conditions have been abnormal and must be entirely ignored when measuring the Colony's taxable capacity.

TAX COLLECTION

I must take issue with the

Honourable Financial Secretary's arguments regarding the expenditure which will be incurred and the difficulties which will be met in the collection of the Tax. I suggest, with all due deference, that to inaugurate a big and important department by "drawing the staff required from other branches of the Government Service, whose activities will have to be reduced to some extent," is a proposition which is untenable.

The intricacies of Income Tax collection in Great Britain remains to this day a problem difficult of solution. The Financial Secretary will be aware that there are many experts finding an honest livelihood advising clients who have no thoughts whatsoever of the evasion of Income Tax.

I am not impressed with the argument that expert assistance will not be required. I maintain the situation out here in regard to this matter must be complicated, much more complicated than at home, where despite many years during which the tax has been in operation, legal problems are a constant source of litigation.

CHINESE ACCOUNTS

One further word in regard to the matter of collection of the tax, and that is the question of Chinese accounts and accountancy. The Honourable the Senior Chinese Member, in his speech, dealt with this matter pointing out difficulties that would certainly arise. I must frankly confess that I am disappointed at the manner in which the Financial Secretary lightly passes over these comments.

In support of my honourable friend, Mr. Chau's views, I would say that in conversation with leading British Accountants, I discover numerous difficulties, too numerous to catalogue here. I would have been more impressed if the Financial Secretary had been able to give us an assurance that the local firms of accountants had been consulted. I remain unmoved in my view that it will be a costly matter both to Government and to the Community, adding burdensome overheads.

In dismissing in a few words the reference to the imposition of Income Tax in Singapore the Financial Secretary says, "I have it on very good authority that the enforcement of Income Tax was never seriously pursued."

I am disappointed the Financial Secretary has not given us the reasons why the administration in Singapore never really pursued the tax and why very soon after its inception, dropped it.

I am given to understand that of the tax actually collected approximately 75 per cent. was borne by the European community.

It was certainly a War Time measure, but in spite of that fact, important objections must have existed, information as to which must be available. It is significant the imposition of Income Tax was soon dropped in the Straits Settlements.

DEFATIONARY EFFECTS

The Financial Secretary has pointed out that capital invested in plant and equipment cannot be removed from the Colony and goes on to remark that it is a matter of indifference to the Government whether a tax on the income from it is paid by the existing owner or anyone else to whom he has sold his shares. But surely the Financial Secretary has overlooked the deflationary effects of a general movement to sell out Hongkong investments.

The plant and equipment to which the Financial Secretary refers have been purchased from funds provided by the investor. Many of these investors are in a position to transfer their money from one part of the world to another and their money happens to have been invested here because of the attractions offered by Hongkong in the way of security and a reasonable and untaxed return on capital.

The imposition of an income tax will, in the opinion of the business community, raise doubts in the mind of such an investor, who without giving full consideration to what the Financial Secretary calls the beauty of income tax, may decide to dispose of his share of the plant and equipment referred to.

If he does so he may have to take less than he expected and in turn his forced selling and the

forced sales of others will mean recession throughout the share list. There will then follow a heavy reduction in the value of collateral securities and bankers will start to call in their loans.

The Colony will then find itself again in the financial chaos which prevailed during the autumn of 1925, when private investors were faced with huge losses and the Government had to come forward with assistance in the shape of a Trade Loan.

NOT SATISFIED

The Financial Secretary quotes the Taxation Committee as being unanimous that an income tax was in principle the best method of raising further funds. I am not satisfied this is quite a fair statement. As I am given to understand that Committee were against Income Tax, but agreed it could be brought in in case of necessity of the Colony itself. I do not believe they visualized it would be suggested as a means of taking money out of the people to be re-mitted out of the Colony.

It appears that the Honourable Financial Secretary does entertain some fears that Capital may be removed, for he makes two suggestions that should be adopted to prevent such movement.

The first one is that "No Income Tax should be charged on interest on deposits held by non-residents."

Is not this an admission there is some danger of such deposits being removed, and if there is fear of non-residents doing so, why should it not cause residents to do likewise?

Later in his speech the Financial Secretary proposes some special concession is to be made to newly established factories. It seems to me this is also an admission of some fear new capital may be prevented from coming here.

CONFIDENCE ESSENTIAL

To my mind Income Tax is unsuited to the peculiar conditions of Hongkong which has built up its importance as a trading and financial centre on the principle of freedom from Government restrictions upon the individual trader and his financial operations. The confidence thus created is essential to the prosperity of the Colony.

There is real danger that a method of taxation ill-adapted to the special position of Hongkong will destroy that confidence and seriously damage a delicate financial structure.

I would repeat again, Sir, it is of vital and paramount importance that the facilities of this Port be kept as free and cheap as possible.

The introduction of any measures that may endanger these facilities or become a means of restricting the movement of its Chinese traders will have the most disastrous effects. Trade driven from this Colony to competitors, who are only too anxious to obtain a share of our trade, will be extremely difficult to recover.

I am satisfied that suitable alternatives can be found for the object we all have in mind, and I associate myself with the Honourable Member who represents the Chamber of Commerce in his suggestion, that the Export Committee now examining the Bill be given wider terms of reference.

NO RELUCTANCE

There seems to be abroad in some circles a feeling that the British Community is unwilling to shoulder its proper responsibilities. I desire to associate myself with the remarks made by the Hon. Mr. S. H. Dodwell in this regard. There is no reluctance, as far as I am aware, to take our share in the wartime responsibility of the Empire, but I do most strongly feel that the financial and commercial interests of the Colony and therefore its future prosperity will be adversely affected by the introduction of a levy in the form of the proposed Income Tax.

Certain promises have been made to Britain and these are going to be carried out," said Mr. M. J. Savage, the New Zealand Prime Minister on Wednesday. (Reuter).

Mr. Theodore Herman, Executive Secretary of the Hongkong Promotion Committee of the Chinese Industrial Co-operatives, will be the speaker at tomorrow's luncheon meeting of the Y's Men's Club at St. Francis Hotel, at 1 p.m. The subject will be "The First Year's Work of the Chinese Industrial Co-operatives."

DUTCH OFFENDED BY HITLER'S LACK OF COURTESY TO QUEEN WILHELMINA

Nazi Declaration That Appeal Already Rejected By Britain & France

THE HAGUE, Nov. 16 (REUTER). — OFFICIALS LAST NIGHT WERE BUSY DECODING A COMMUNICATION FROM THE DUTCH MINISTER IN BERLIN, PRESUMABLY GIVING THE GIST OF AN INTERVIEW WITH HERR VON RIBBENTROP, THE NAZI FOREIGN MINISTER.

If Herr von Ribbentrop's statement is to be taken as Herr Hitler's reply to Queen Wilhelmina's telegram, public opinion in Holland will inevitably be most offended, as it is pointed out that when the Queen sends a message to the head of a foreign state, the average Dutchman expects at least the courtesy of a formal reply.

Moreover, this method of dismissing the offer is regarded as all the more unfriendly in view of the recent statement by the Dutch Foreign Office to the effect that the British and French replies were considered "to leave the door open."

SINO-AMERICAN CULTURAL INST. LUNCHEON

Large Gathering Present

The monthly luncheon meeting of the Sino-American Institute of Cultural Relations took place at noon yesterday at the Hongkong Hotel.

The Chairman of the Hongkong branch, Sir Shouson Chow, explained that Mr. Nelson Truider Johnson, United States Ambassador to China, in whose honour the luncheon was being held, had been held up in Chungking.

As it was expected that the Ambassador might come in sometime during the day, a place was held for him at the table, but he failed to arrive.

THOSE PRESENT

Among those present were:—
Mr. Annis, Mr. S. O. Au, Mrs. Archibald, Mr. J. T. Bagram, Miss M. Beckman, Mr. G. W. Behrman, Mr. R. C. Biesel, Jr., Mrs. R. G. Biesel, Jr., Mr. D. M. Bilgar, Mr. S. T. Bittling, Mr. J. I. Bonner, Mr. S. D. Brothers, Mr. John Brownley, Mr. Arthur Campbell, Mr. C. Y. Chan, Mr. N. C. Chan, Mr. K. L. Chau, Mrs. K. L. Chau, Hon. Mr. T. N. Chau, Dr. Chau Hai Cheung, Mr. Percy Chen, Dr. Chen Hong-sung, Mr. F. G. Chen, Mr. W. K. Chen, Mr. G. L. Chiao, Mrs. G. L. Chiao, Dr. Y. M. Chien, Mr. Chien Ting, Sir Shouson Chow, Mr. P. K. Chu, Mr. H. C. Chun, Mr. Chang Lin, Mr. S. S. Church, Mr. R. G. Coudry, Mr. C. Chess, Mr. Virgil Crows, Mr. S. R. Cutting, Mr. P. Delany, Mr. Dodge, Lt.-Col. H. B. L. Dowbiggin, Mr. L. Epstein, Mr. Edward Eu, Mr. William Eu, Mr. Fung Ping Fan, Mr. Fung Ping Wah, Mr. C. M. Gee, Mr. C. P. Grandgerard, Bishop Hall, Mr. Wallace Harper, Mr. E. W. Hamilton, Mr. Mingmei Hsu, Prof. Hsu Ti Shan, Mr. D. M. Hykes, Mr. M. A. Johnson, Mr. Kan Tong Po, Mr. V. A. Kirby, Mr. D. F. Koch, Mr. V. A. Kropff, Mr. David Kung, Mr. C. Y. Kwan, Mr. Kwok Chan, Mr. C. J. Lafferty, Mr. R. B. Landis, Mr. Roy H. Larchar, Mr. Los Gwok Ying, Mr. K. D. Lee, Mr. William Yinson Lee, Mr. K. C. Loong, Mr. Li Jowson, Mr. Peter W. Lin, Hon. Mr. M. K. Lo, Mr. K. S. Lo, Mr. C. W. Lowe, Mr. Lloyd, Mr. Mann, Mr. Merick, Mr. F. N. Merritt, Mr. H. S. Mok, Col. H. L. Morrow, Mr. Ngan Shing Kwan, Mr. Nicholson, Mr. H. C. Nip, Mr. M. H. Pal, Mr. J. C. Pool, Mr. Ritchie, Mr. George She, Mr. J. F. Ches, Mr. Edward Shim, Mr. Shum Chok Yau, Mr. Shum Wai Yau, Mr. Peter H. Sin, Mr. H. Hong Sing, Hon. Mr. N. L. Smith, Mr. Addison E. Southard, Mr. M. L. Southwick, Hon. Mr. F. I. Tam, Mr. S. H. Tang, Dr. F. I. Tseung, Dr. S. W. Tso, Mr. S. Wong, Mr. Kenneth Wong, Mr. Peter S. Wong, Dr. Arthur Woo, and Mr. T. C. Yuen.

UN LONG HOSPITAL ANNUAL MEETING

The 18th annual meeting was held in the Un Long Hospital, New Territory on Wednesday, Nov. 15.

Mr. Wong Chi Po took the chair and was supported by Mr. Fok Yan Sang, Vice Chairman.

The Hospital is now undertaking additional work in the case of refugees and patients are admitted into the hospital free of charge.

Those present were Messrs Wong Chi Po, Fok Yan Sang, Wong Ping Shun, Ng Wah, Tang Wai Tong, Tang Pak Kow and many others.

CHINA ORDERS \$1,000,000 WORTH OF PLANE PARTS

NEW YORK, Nov. 16 (REUTER).—China has ordered an attack bomber set assembly of jigs and duraluminum sufficient for twenty-five planes from the Vultee Aircraft Division of the Aviation Corp. up to a total of \$1,000,000.

INTERROGATION BY POLICE

British Official Secrets Bill

LONDON, Nov. 16 (REUTER).—In the House of Commons yesterday, on a motion, Sir John Anderson, Home Secretary and Minister of Home Security, gave the Second Reading to the Official Secrets Bill, which the House of Lords has already passed.

The unamended Bill limits the special powers of interrogation by the police to cases of espionage and provides for the permission of the Home Secretary to be obtained before these powers are exercised, except in cases of great emergency where the Chief of Police will be authorised to act without first obtaining permission.

FALSE INFORMATION

In future, powers of interrogation will be exercisable only by the Police and not by members of His Majesty's Forces and the opportunity is taken to deal with the case of a person knowingly giving false information, which is not covered specifically by the present law.

The Bill is welcomed by representatives of all parties. Mr. Wedgwood Benn (Opposition Labour) pointed out that it dealt with peace time and that everybody was now subjected to much severer restrictions under the defence regulations.

\$271,000,000 FOR U.S. ARMY, NAVY, MARINE CORPS

WASHINGTON, Nov. 16 (REUTER).—President Roosevelt has transmitted to Mr. Taylor, Chairman of the House of Representatives Appropriations Committee, a request for \$271,000,000 to finance the Army, Navy, Marine Corps, Coast Guard and the Federal Bureau of Investigation.

This was done in accordance with the President's declaration of a state of limited National Emergency.

Kuomintang Sessions

THIRD MEETING HELD

CHUNGKING, Nov. 16 (Central).—Generalissimo Chiang Kai-shek presided at the third meeting of the Sixth Plenary Session of the Kuomintang Central Executive Committee yesterday.

REPORTS MADE

Reports on financial and economic affairs were made respectively by Dr. H. H. Kung, President of the Executive Yuan and concurrently Minister of Finance and Dr. Wong Wen-hao, Minister of Economic Affairs.

Mr. Chang Chi and Mr. Ma Chao-shun, who recently led the National Soldiers' Comfort Corps on a tour to various fronts reported their impressions.

PLANNING COMMISSION

CHUNGKING, Nov. 16 (Central).—The Executive Yuan has organised a Hsien Administration Planning Commission.

Under the Commission are thirteen sections: legislation, co-operatives, health, census, communications, land, policing, agriculture, industry, social investigation, charity and relief work, personnel and finance.

16 BOMBS DROPPED ON SHETLANDS

WOMAN TEACHER'S PLUCK

LONDON, Nov. 16 (REUTER).—The latest information shows that at least sixteen heavy bombs were dropped by four Nazi planes when they raided the Shetlands on Monday. The additional four bombs, which were not previously reported, fell on a deep peat moor on a hill and did not explode. They were armour-piercing bombs, weighing about 250 pounds each.

PUPILS SANG

A young woman teacher of a small school in the area kept her five pupils singing choruses while the air danger continued. The manse was struck by splinters and another school was badly shaken. When four large bombs exploded among the peat, soil, clay and granite, 250 yards away, the teacher kept her pupils indoors and away from the windows.

Some observers report that eight, and not four, bombs were dropped near a naval vessel. All those that fell in the sea did no damage and those that dropped on the land were equally wasted.

ATTEMPT TO SEND UNIFORMS ACROSS NAZI FRONTIER

AMSTERDAM, Nov. 16 (REUTER).—Two brothers were arrested at Kerkrade and accused of trying to purchase and smuggle military uniforms across the German frontier.

WARM GARMENTS CAMPAIGN

CHUNGKING, Nov. 16 (Central).—Satisfactory results have been obtained in the campaign for 3,000,000 cotton-padded jackets for Chinese soldiers.

Several provinces, including Hunan and Kwangtung have each collected 100,000 more than the original number required.

The campaign will be brought to a close at the end of this month. About 2,750,000 jackets are being distributed to the soldiers.

H.K. UNIVERSITY SCHOLARSHIPS

The following scholarships, further particulars of which may be obtained from the Registrar, will be awarded on the results of the Hongkong University Matriculation Examination.

(1) Government Scholarships:

A limited number of Hongkong Government Scholarships tenable in the Faculties of Arts and Science, are open to candidates from Hongkong Schools.

(2) Three King Edward VII Scholarships of the value of £40 per annum, open to British Subjects only.

In all cases the award will be subject to the proviso that a sufficiently high standard is reached.

Canadians desiring to compete for scholarships are directed to indicate which scholarship they intend to compete for in the space provided for the purpose in the entry form for the Matriculation Examination.

FOREIGN PETROLEUM INTERESTS IN MEXICO

MEXICO CITY, Nov. 16 (REUTER).—It is virtually certain that the Supreme Court will rule the expropriation of foreign petroleum interests, dating from March 1938.

The constitutional judgment is expected to provide indemnification, covering everything installed for the development of the industry, but no compensation for the loss of the concessions.

SINO-SOVIET RELATIONS FURTHER STRENGTHENED: MUCH SPECULATION ON RECENT INTERVIEW

FLOOD OF OFFERS FOR MILITARY SERVICE

OTTAWA, Nov. 16 (REUTER).—Over 10,000 offers for military service have been received by the Voluntary Service Registration Bureau and referred to the Department of National Service. This figure, of course, does not include thousands who enlisted, or tried to enlist, on service.

Numerous offers have been pouring in for the Canadian Army Medical Service, including offers from other parts of the Empire and nurses from the United States. The R.C.A.M.S. is receiving vigorous support from Canada's doctors.

£20,000 FOR LORD MAYOR'S FUND

JOHANNESBURG, Nov. 16 (REUTER).—Mr. Waterson, High Commissioner for South Africa, presented the Lord Mayor of London with a cheque for £20,000 for his Red Cross Fund.

The South African Red Cross, which gave the money, desires it to be used for the purchase of four motor ambulances to be named after the provinces of Transvaal, Cape of Good Hope, Natal and the Orange Free State.

ANOTHER £10,000

Another report states that it was announced in London yesterday that one of the Northern States of Burma has given £10,000 to the Lord Mayor's Red Cross Fund.

TRADE RELATIONS

The Chinese press yesterday published a semi-official statement declaring that questions relating to Sino-Soviet trade relations were discussed in great detail. This morning the Chinese press again published the semi-official statement regarding the same interview.

While today's statement reiterates the fact that Sino-Soviet trade relations were discussed, the statement also significantly declares: "In addition to questions on Sino-Soviet trade relations, they exchanged views on other important Sino-Soviet issues." The statement emphasises that the meeting lasted for three hours.

MEASURES DEVISED

After stressing that both parties expressed satisfaction on the present Sino-Soviet trade relations, it is stated that they devised measures to further increase the volume of Sino-Soviet trade "in order to further strengthen Sino-Soviet friendship."

CZECH STUDENTS ARRESTED

PRAGUE, Nov. 16 (REUTER).—Hundreds of Czech students, singing Slavonic songs, who were trying to attend the funeral of one of their members, who died as a result of injuries received in last month's disturbances, have been arrested.

KING ENTERTAINS POLISH PREMIER

LONDON, Nov. 16 (REUTER).—His Majesty the King gave a luncheon yesterday in honour of Gen. Sikorski, the Polish Premier, and the other members of the Polish Government now visiting England. Lord Halifax was also among the guests.

Gen. Sikorski attended the luncheon after laying a wreath on the Cenotaph at Whitehall.

He is to visit the Polish destroyers which are now working in conjunction with the Royal Navy and will confer decorations on a number of Polish sailors.

His Majesty the King on Wednesday received Mr. J. Halliwell, Vice-Chairman of the T.U.C. General Council. It will be recalled too that last week the King received Mr. W. Holmes, Chairman of the T.U.C. The King also received Sir Lancelot Oliphant on his appointment as British Ambassador in Brussels.

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CHINA EMPORIUM LTD.

JAPAN WANTS SMOOTHER RELATIONS WITH SOVIET AMERICA

SHANGHAI, Nov. 16 (REUTER).—Questioned regarding rumours of Soviet-Japanese rapprochement, Mr. Yankichiro Suma, a spokesman of the Tokyo Foreign Office, who arrived in Shanghai today, said that the Japanese Government was considering the matter of gradually settling outstanding problems in order to readjust relations between Japan and the Soviet.

He presumed that discussions in this connexion took place at yesterday's interview between the Foreign Minister, Admiral Nomura, and the Soviet Ambassador in Tokyo, M. Smetanin.

Mr. Suma added it was difficult to state whether or not the present talks would result in a non-aggression pact between the two countries.

The Japanese Government had no definite programme except that it wished to establish smoother relations with the Soviet. Her policy, however, embodies no changes towards the Comintern.

Mr. Suma was non-committal when asked how the conclusion of such a pact would affect the present Soviet assistance to China, merely stating that the fisheries and border question and other disputed matters were those under consideration.

General Tsi Ting-kai, of the 1932 Shanghai hostilities fame, is Commander of the Chinese forces in the Pakhoi area, according to a Japanese dispatch, says Reuter from Tokyo.

SHANGHAI, Nov. 16 (REUTER).—Referring to future Japanese-American relations, Mr. Suma, who recently returned from the Japanese Embassy in Washington, said that he was convinced that there was no desire on the part of the United States Government and people to worsen relations. Since his return to Japan Mr. Suma said that he was amazed at the extent of the Japanese people's desire to improve the relations. Three aspects to be little likelihood of the re-opening of the Yangtze and Pearl Rivers in the near future, according to Mr. Suma, who reiterates that the closure was due to military necessity.

FUNERAL OF MRS. R. MAURICIO

The funeral of the late Mrs. Regina Filomena Rosario Mauricio, who died after a short illness at the Queen Mary Hospital, took place yesterday at the Roman Catholic Cemetery when a large number of friends and members of the staff of Wah Yan College attended.

The chief mourners were the deceased's husband, brother and two sisters. The Very Rev. Fr. G. M. Spada officiated at the graveside assisted by Fr. R. W. Gallagher, Fr. Donnelly, Fr. Craig, Fr. Lawler, Fr. McDonagh, Fr. Collins, Fr. Cooney, Fr. Grogan, Fr. Toner, Fr. McCaul and Fr. O'Brien. Many wreaths were sent.

PRINCESS LOSES HIGH COURT ACTION AGAINST NEWSPAPER MAGNATE

LONDON, Nov. 16 (REUTER).—Mr. Justice Tucker gave judgment yesterday for the well-known newspaper magnate, Lord Rothermere, in the action for breach of contract brought against him by Princess Stefanie Hohenlohe. His Lordship decided that Lord Rothermere had not contracted to vindicate her political reputation or to pay her an annuity of £5,000 for her life.

Mr. Justice Tucker, giving his judgment, said that the Princess had put forward two claims: one, in effect, was for damages for wrongful dismissal or repudiation of contract of employment.

The Judge found that Lord Rothermere never contractually undertook to vindicate

CONFIDENTIAL LETTERS

The Judge referred to a number of highly confidential documents which were read in Court and remarked that there was nothing discreditable to Lord Rothermere or to the writer in any of these letters.



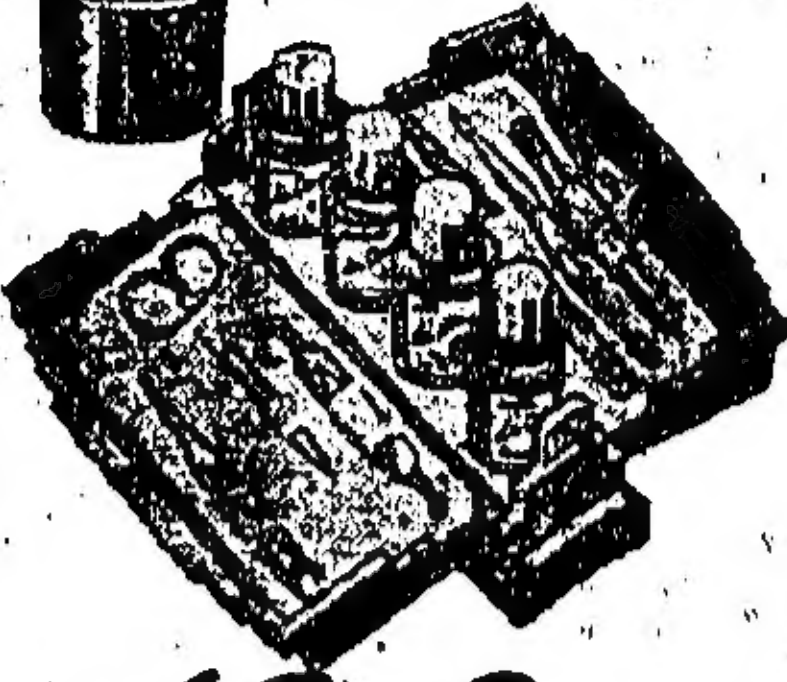
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CONFIDE IN FAITH PRIOR

NOT DICTATION

UNIVERSITY STUDENT demands rights! A young student in the first year of University writes inquiring what line of persuasion can be used in securing the right of possessing a latch key to his home. Also, why must he be dictated to by his mother as to his actions?

IN THE FIRST place you are still too young to be the possessor of a latch key, even to your own home. Your parents are not trying to dictate to you; they are only trying to warn and keep you from many dangers you can encounter in your daily life. What does a latch key mean to you anyway? Do you have to have this trivial article to make yourself feel grown-up? If so, you have a long way to go before reaching manhood. Stop worrying about your family and such small difficulties and get down to your studies. You are being given the time and finances to learn how to support yourself when you grow older; time waits for no one and in two or three years from now, if you do not get to work, you will be sorry for this wasted time and foolishness. The thing for you to do now is study hard and learn; you won't regret it.

NO EXCUSE

SEVENTEEN WISHES to know if it is proper for young men to invite her out in the evening and then refuse to call for her, instead they suggest meeting at various street corners and restaurants. She resents this procedure and, by refusing to comply, has lost several invitations.

YOUNG LADY you are perfectly correct in your thought. If your young man, companions cannot come to your home and meet your parents or relatives, then something is lacking in respect for you, or in their character. If you know the young man very well and you are to meet him in the afternoon or evening at a respectable location, that is a different situation, but otherwise there is no excuse for such suggestion. Remember, if a young man likes you well enough, he will insist upon calling for you in your home and returning you there after the evening's engagement. When the situation is otherwise, I would say, that the men are not worth the time wasted in their company. Stick to your ideas and you will profit.

"WORRYING"

DEAR FAITH PRIOR: I am a bored married man of two

years standing and all because my wife is a worrier, how can I knock this habit from her lovely blonde head? No matter what happens for good or bad, she gets into a dither over it and imagines a whole list of horrors that are sure to happen.

If she buys a dress she worries because it may shrink or fade. If I sneeze she has me down with pneumonia in an instant. If I am home early from the office she is all bothered because something must have happened and has caused me to lose my job. If I am five minutes late she begins calling the hospital or police stations to see what has become of my mangled corpse.

We have been married two years and during that time hardly a day has passed that she hasn't called me at the office to see if I am all right because she had some sort of premonition that I had fallen out of a window. It was nice at first, having all this fuss over me, but I'm am sick and bored with the whole business, please tell me what to do? Bored.

DEAR BORED: Are you sure young man that part of the "worrying" isn't just a line to keep you interested? Maybe in your courting days you gave her the idea that you admired a scared, dependent kitten type. If that is the case, a bit of discreetly expressed admiration—for the athletic fearless type of girl, with specific specimens indicated, might be a speedy remedy. Don't make it too obvious, but try the idea out the next party you go to and see what happens. If that's her trouble, she'll snap out of that helpless timidity into something quite different! It may be she feels deficient and incompetent to meet others in the competition of sports and outdoor life. Coax her into showing off in some other way, or acquiring some special skill that will satisfy her ego.

Perhaps it's just a bid for your attention, and to keep up the courtship and honeymoon kay of keen awareness of her moods and senses. If you'll simply ignore her imaginary anguish, but make a terrible fuss about her when she is cheerful and optimistic, if ever, she may get the idea and be more agreeable. If all these suggestions fail arrange to see a physician or a good psychiatrist and ask his advice.

(Each week in this column FAITH PRIOR answers questions of a personal nature submitted by readers of the Daily Press.)

HONOUR-LOVE AND OBEY COSTUMES

Maybe you are wealthy, then, again, maybe you are wise and with little money to spend—and you are about to join the parade of brides which has been going by at the rate of almost one a day in the past six weeks.

Whatever your status there are ways and means of costuming the bride for this great occasion without making a huge dent in the bank account.

For those of you who must have your white satin and veil. There are several types of costume, new and stunning, but be wise in the selection of your costume and suiting your personality.

The sweet and pretty bride this winter must remember to be demure and Victorian. White, falles, chiffon or a very fine organdy where many yards are used in a full skirt is very appropriate. But remember, not too much veil and try something different and unusual with the orange blossom headdress. Or forget the blossoms and use a lovely ell at the side to hold your short veil.

SATIN IN SMART

Not demure and for the poised, sophisticated bride, white crepe or satin is smart. The skirt is fashionably draped and this type woman can use a long train. The veil with pearl applique is new, and use a satin skull-cap. Several of these costumes have been worn to advantage without a bridal bouquet just a prayer-book.

White is the fashion for weddings this winter and the only alternative is deep cream. Satin, falles, tulle and velvet if you must, are the preferable fabrics for the bridal frock.

The quiet, exclusive, morning or early afternoon weddings this winter are not having the background of satin and veil, maybe it is the war, but whatever it is the costume for such an occasion is smart and rich in material and design.

SUITS POPULAR

Suits appear to be most popular. Grey is an excellent colour this winter, and a jacket of pearl-grey and a darker skirt would be most striking, particularly if the corsage is something like yellow orchids or a vivid shade. And don't forget the huge muff of silver fox, skunk or Persian lamb depending if you have the matching trim on the suit.

Another effective costume is the black silk velvet suit with pearl buttons down its facade, a ruche or white under your chin. This outfit is quite elegant and rich and would carry a high-fashion styled chapeau.

Whatever your budget for this "once in life time event" give plenty of forethought to the style and material and depend more on the cut and quality than on the accessories and trimmings.

MODERN BRIDAL PARTIES

Years bring changes but one convention which has been passed on to this present generation through the ages is the white satin and veil belonging to the bride. However, slight changes are noticed each year in respect to the bridal ensemble.

Your prayer-book this year is most attractive covered with a fragment of heirloom lace.

Your bridesmaids could walk single file, like lilies growing in a row, instead of two-by-two.

Very modern and new are bridal slippers of starched lace.

If, and when you toss, your bouquet over the banister, you could toss one that breaks up into several separate, nosegays. It will please. Thus several girls instead of just one, catching bouquets and bound for matrimony within a year.

And, of course, to be quite stylish, your waist is almost as small as your wedding ring, the new laced corsets giving you that appearance.

A COMPLETE ENSEMBLE



June Fraiser wears this navy wool with all-round pleated skirt and collar and cuffs in shiny starched plume. The famous red polka dots with red buttons substituting for cuff links. Triangle white patent bag, white gloves and black sandals and "beanie" complete the ensemble.

What About Corsets?

The following seven descriptions of corsets made by various famous manufacturers will give you an idea how dependent this winter's styles are on the correct foundation under the frock. Too, you will be able to note that corsets are being designed for the figures with various eccentricities.

Lightweight control is achieved by a girdle of double net and satin woven with "Laster". It is cut higher to nip in your waistline which must not be thick for this type garment. A curved and cupped brassiere gives good support and rounded curves.

To Whittle Your Waist—An elastic and batiste girdle with Sta-Up-Top. The elastic band with tinge bones accentuates the waist. An essay embroidery camisole brassiere hooks in front.

MOULDED LINES

"Long, Moulded Lines"—Are taken care of in an All-in-one satin woven "Laster" foundation. This particular model is excellent with dinner-dresses. The side sections are of French elastic and have invisible-a-grip garters.

If you're Hard to Fit—Now you can find the girdle and brassiere in different sizes (if you are built that way) and have an effect smooth as an all-in-one.

For Active Sports—When riding or golfing a pantie-girdle gives you the necessary support you need without hampering your movements. You will notice your fatigue is less at the end of the day when you wear such a garment. The girdle may be used with or without garters.

SMOOTH BACK

For A Smooth Back—Those crossed, adjustable bands above the waistline prevent any bulging from a pump back. The higher brassiere is made of elastic and batiste and low enough for evening.

For A Slimmer Look—The all-in-one does it for the average or larger figure. Made of silk satin and hand loomed French elastic there is a Talon-fastened to the waist, hooked above the waist. You have the actual appearance of having been poured into this style.

Round The Shops

Christmas Suggestions

Have you forgotten that Lane, Crawford usually have several tables crowded with gift items, not expensive, but most valuable?

How about a beautiful night gown for the young girl or older woman? Gloves, such welcome gifts, and the selection in this shop offers a large variety; sewing sets, tea set holders, covered coat hangers, dressing table sets and many odds and ends. The collection is splendid for filling stockings or for the individual gift. Have an inspection and your troubles will be over.

Advance Notice

Next week, Mayra, in the Arcade, will be receiving a new shipment of merchandise in millinery and ready-to-wear from America. The shipment will include the latest styles in morning, afternoon and evening attire, from head to foot.

At the present time delightful new hats are on display in daytime and dressy models of felts, velvets and combination of fabrics. The afternoon crepe frocks are unusual creations with smart and individual trimmings and cut.

The evening dresses, "one of a kind" are most interesting and portray the latest in fashion dictates as to cut and styling.

Accessories

Bags, latest in compacts, gloves, blouses, collar and cuff sets, and various other gadgets, are displayed in Rivelle's in the Arcade. Many of these items are such welcome gifts under anyone's Christmas tree and particularly this year.

For the wardrobe shoppers, you will find a splendid selection of wool frocks tailored along the latest fashion lines and in such beautiful colours.

The one and two-piece ensembles of novelty woven wool with crepe frocks are very smart, and can be worn for dress and daytime occasions. You will notice the new winter colour range and, the combination of hues which is most attractive.

While in this shop don't forget to have an inspection of their millinery styles. The buyer has thought of the many various types and selected accordingly. Hats for the very young lady, the young lady, the young matron and the middle age are on display in the winter's favorite shades.

GIVE YOURSELF A MANICURE



Following the cleansing, nails are shaped with an emery board. This photo is posed by Virginia Grey, Metro-Goldwyn-Mayer player.

OLDER WOMAN & DISTINGUISHED WARDROBE

Years bring poise and assurance; these two great characteristics belong to age, not to youth, and when the older woman realises the value of these assets she will see they are spotlighted.

Suppose you are unmistakably an "older woman." Your clothes should say it with confidence and pride. Suppose you have kept your figure, as so many women have. Bulges that betray years are unnecessary, these days. But even if you are as slim as your daughter, and nearly as active, you are nevertheless beset with other problems.

Not for you the fro-fro, the merely pretty, the too-casual, or those "incidental" clothes that the young can cope with. Your whole wardrobe is based on the fundamentals of good lines.

You know that one well-cut dress—for example, is worth twenty mediocre ones. That the length of your skirt, the placing of your

SHOWING NOW

CHRISTMAS NOVELTIES

KOALA BEAR

NIGHT DRESS CASES
KIDDIES' HAND-BAGS,
TEA COSIES

NOVELTY SEWING SETS

BOOK - ENDS

COCKTAIL MATS
COVERED COAT HANGERS
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Fine goods & knittings available only at—

Messrs. Chiao Emporium, Karamally & Co., Mayfair & Co., Kilo Styles, Sincere & Co., Shui King Co., Sun Co., Ltd., Tyeb & Co., Whiteway, Laidlaw & Co., Wing On Co.

KOWLOON

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Get that professional look into the things you knit and get more enjoyment out of knitting—'Viyella' Knitting Yarn has an extra softness and will not shrink, fade or become harsh—however much it is washed.

In a large range of fashionable shades.

GUARANTEED UNSHRINKABLE

YES! It washes..... NO! It never shrinks..



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DAY

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EVENING COMPACTS

WOOL DRESSES

FOR MORNING & AFTERNOONS

JUST RECEIVED.

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Gloucester Arcade

belt, the width of your sleeves must be studied to the fraction of an inch. That subtle colour—the new taupe, deep plums, stormy greys, dull blues—such as the blue, are as much your colour as the once inevitable black. That your first necessity is the best corset you can buy. That you need really to "edit" your wardrobe—to choose, to discard—finally to have just enough and everything right.

POINTS TO WATCH

Points to watch, this season especially, are these: The shoulder line should be for you, unexaggerated.

The waistline should be, for you, unemphasized. Even if your waist is still tiny, the dramatic emphasis on its girlishness (which means rounded hips) is not your genre. See that your waistline is softened. Notice that tied belt-ends, drapes and softness at the waist are to your advantage. Your sleeves should be non-committal. You'll observe that all the clothes which create interest for the older woman shelter and distract attention from the arms, which are often not the older woman's best feature. This season's covered-up dinner and evening dresses are all in your favour.

DIRECTOR OF MEDICAL SERVICES REPLIES TO MR. PEARCE'S POINTS

Continued from Page 6

DR SELWYN-CLARKE REPLIES

The Hon. Dr. P. S. Selwyn-Clarke said:—

I am grateful to Your Excellency for giving me an opportunity of replying to some of the points the Honourable Mr. Pearce has just raised in his speech.

The Honourable Member has referred to "the rapid growth of the Medical Department." He has a considerable advantage over me in having spent so many years of his life in this Colony. If, however, by the use of the adjective "rapid" it is intended to suggest "recent" growth, I submit that this hardly gives a true picture of the position for reasons which I will give later.

In his speech on Thursday last, my Honourable and learned friend Sir Henry Pollock referred to the overcrowding and dangerous accommodation in the Kwong Wah Hospital. These are facts which cannot be denied.

My Honourable friend Mr. M. K. Lo also characterised the congestion in the Chinese hospitals as a standing disgrace, and he stressed the need for a hospital for children and for tuberculous patients.

It might be of interest to note that on the opening day of this debate the Tung Wah Hospital had 870 in-patients of whom only 189 had a bed to themselves. The maternity beds were all occupied and the demand on them is so great that it is customary for mothers to spend only four days in hospital at child-birth.

TECHNICAL COMMITTEE

Raising the urgent need to improve both hospital accommodation and the conditions prevailing in the Chinese hospitals here, Your Excellency appointed a Technical Hospital Committee last year over which I had the honour to preside. With the concurrence of the Chinese Directors of the Tung Wah Hospitals, Your Excellency also appointed at the end of the year an Executive Committee for these hospitals. Both the Senior Chinese Member of this Council (Honourable Mr. T. N. Chau) and the Honourable Mr. M. K. Lo are particularly valued members of this Committee. Both would, I feel sure, agree that, although the conditions in the Chinese hospitals still leave a very great deal to be desired, the progress made during the first eleven months of the work of this Committee has fully justified its appointment. During the period in question Government has assisted with a grant-in-aid of \$400,000 to the Tung Wah Hospitals.

The Report of the Technical Hospital Committee has just been published and will, no doubt, receive the sympathetic consideration of this Government. The Honourable Member can rest assured that there is unlikely to be any extravagance in this connection.

The Technical Hospital Committee concluded that the dearth of hospital beds in Hongkong amounted to at least 5,000, taking the population at the very low figure of 1½ millions. The Committee was satisfied that this lack results in many sufferers, including cases of infectious disease, remaining in crowded tenements, thereby producing a vicious circle since they act as sources of infection to others—leaving aside altogether the humanitarian aspect.

In point of fact, Government has already taken steps to initiate work on site formation for a new infectious diseases hospital and, possibly, a new general hospital at the Kowloon Medical Centre.

With Your Excellency's encouragement and support efforts have been made to increase the available accommodation on very simple lines. For example, the former prison at Lai Chi Kok now provides beds for 500 patients, the huts at Kennedy Town Hospital contain 45 beds, and the matbeds at the Kwong Wah Hospital mentioned by Sir Henry Pollock house 30 camp beds placed side by side in practically continuous rows.

These additions make little impression on the main hospital problem, and many of the sick Dr who should be admitted have been turned away, unless room can be made for them by discharging in-patients not yet sufficiently recovered from their illnesses, but in less dire need.

It is sometimes forgotten by the more used to Western concepts of medical care of the sick that thousands upon thousands of the poorer Chinese live in grossly congested dwellings unsuited to home nursing.

I can hardly believe that the Honourable Member who criticised the size of the Medical Budget really considers that hospital accommodation should be curtailed so that a large number of patients have to be refused admission or nursed on the floor, or even more than two to a bed.

Nor can I bring myself to credit the Honourable Member with the desire that the quantity of food—costing about 25 cents a day—given to the wrecks of humanity treated in our hospitals should be reduced.

NOT LIKE MANNA

It scarcely seems possible that the Honourable Member would be prepared to advise a reduction in the vote for (and therefore in the quantity of) anti-septics for wounds, anaesthetics for operations, tetanus and diphtheria anti-toxin to save the lives of sufferers from these diseases, quinine for malarial patients, smallpox, cholera and typhoid vaccine for use in prophylaxis? And yet beds and bedding and food and drugs and vaccines do not drop like manna from heaven.

Concurrently with and to some extent arising out of the impossibility of admitting all those to hospital in need of such care, the staffs of out-patient departments and dispensaries are compelled to work for long hours; insufficient time is available for adequate investigation, diagnosis and treatment of patients, many of whom have to endure long waits before being medically examined. Those who might be restored to health are exposed to the danger of becoming chronic invalids—or of dying prematurely.

The death-rate for the first nine months of 1939 was nearly 34—considerably over three times that for England and Wales in 1938.

Part of the increase in the Medical Budget now under consideration relates to additional staff which it is desired to appoint to meet the heavy demand for medical services. Be it noted that it is intended to recruit Chinese and other local graduates for this purpose—a point mentioned by my friend, the Honourable Mr. d'Almada in his speech last week. As the Honourable Mr. Lo pointed out in his speech a week ago, the loss of life in infants under one year of age is nearly seven times higher in Hongkong than in the United Kingdom.

MALNUTRITION

Malnutrition is no doubt an important factor in this sad wastage, and unsatisfactory environment and ignorance of mother-craft coming next in importance.

In the Medical Budget, provision is made for a few thousand dollars to increase by one the number of Chinese lady doctors and by a small handful the number of Chinese nurses and health visitors to extend the welfare services.

I can hardly believe that the Honourable Member really thinks that the all too few clinics for mothers and babies should be curtailed.

It is scarcely necessary for me to remind Honourable Members of the burden of suffering and loss of life which occurs from preventable epidemics in Hongkong. All are familiar with the outbreaks of cholera, smallpox and cerebro-spinal meningitis which have afflicted the Colony in the past few years—aggravated by the very overcrowded condition of the town and the lowered standard of living following upon the refugee influx.

To combat these conditions staff and material are, of course, essential and cost money.

Would the Honourable Member advocate the reduction in the meagre staff of Health Officers responsible for preventing disease?

Is it the view of the Honourable Member that there should be less accommodation for dangerous infectious illness—or for victims of the tuberculous scourge?

Now, if we take 1938 as a normal year in so far as concerns medical expenditure, since this period preceded the outbreak of hostilities, we find that the approved expenditure was \$1,951,378.

POPULATION

The mid-year population in 1938 was 985,345. The per capita expenditure thus amounted to \$1.97 per annum—a little over 2½d. The Medical Budget for 1940/1941 now submitted to this Council for approval makes provision for the sum of \$3,635,709 for the period of 15 months. This is the equivalent of \$2,908,568 for a period of 12 months. On a conservative basis, the mid-year population for 1939 amounted to 1½ millions. I use the word "conservative" advisedly, because expert statisticians have expressed the view that the population calculated at June, 1939, was then within ten per centum of the two million mark.

If we assume that the population at mid-year 1940 will not vary to any appreciable extent from that for the current year, then the per capita expenditure for next year will be in the neighbourhood of \$1.88 per annum—one cent less per head than in 1938.

As regards increase in the staff of the Medical Department, in 1938 there were 56 doctors and 277 nurses. The figures in the 1940-41 budget show 79 doctors and 355 nurses. This increase may appear big at first sight. That is not the case; firstly, because the original cadre was inadequate four years ago; and, secondly, because, whereas the population has practically doubled in the intervening period, the increase in doctors is approximately 2½th and in nurses considerably less than a third. This relatively small increase of staff has had to cope with over a thousand additional hospital beds as well as with new clinics and dispensaries.

Bearing in mind the mass of poverty-stricken and suffering persons in Hongkong does the Honourable Member really advocate a smaller number of doctors and nurses?

COLONY HAS GROWN

I am aware that it is believed in some quarters that the present population is likely to diminish very considerably once peaceful conditions obtain in China. There are, however, many present in Council today, who, I think, would not deny the fact that Hongkong has grown, as it were, by leaps and bounds, and that many of those who have sought asylum from disturbed conditions in China at intervals during the past 20 years or so have, in fact, remained as permanent residents.

I trust that enough has been said in this inadequate survey of the position to convince my Honourable friend Mr. Pearce that there is no real justification for his alarm at the very moderate increase in the Medical Budget. His alarm was not, I am most thankful to say, shared by the other unofficial members when they considered the provision in Select Committee.

I do not think that it would be Your Excellency's wish that I should take up the time of this Council by commenting upon the phrase "formidable highly-paid staff" which occurred in my Honourable friend's speech. The question of salaries is one affecting the Service as a whole and it would be difficult to produce evidence that the staff of the Medical Department was, in fact, "formidable" in the face of its responsibilities or that the salaries were "high."

Knowing the Honourable Mr. Pearce's humanitarian outlook, I think that I should not be far wrong in assuming that he would be prepared to answer the questions which I have taken the liberty of putting to him with an emphatic negative. Yet it is these very services that account for so much of the expenditure of the Medical Department which it is our duty to develop for the well-being of the community for whom we are responsible.

STREET CLEANSING

Turning to the Honourable Member's second point, namely that relating to street cleansing, I hasten to assure him that the Health Authorities share his views on the subject wholeheartedly. As the result of representations which were made by the Medical Department to Government and which received at least in part, the support of the Urban Council, more refuse lorries have been purchased and put into commission and about 200 additional labourers have been taken on.

Like Oliver, the Department would like to see more transport and more scavengers available for this necessary work. It has some hope that the Honourable Director of Public Works may find it possible to allow a certain amount of water to be used for washing down the streets and pavements in some of the more insanitary parts of the urban area.

In fairness to the Honourable Director of Public Works, it must be admitted that he is faced with a very heavy and responsible task to provide enough water for at least 1½ million people.

A part of the nuisance encountered in the streets are the result of the careless habits of large numbers of refugees who have come to Hongkong for safety from villages in the war areas where it is customary to deposit wastes of all kinds in the alleys and open spaces adjoining their houses.

PUBLIC LATRINES

Shortage of public latrines and, as yet, an inadequately organised system of collection and disposal of night-soil from houses lacking a water-carriage system are fur-

ther reasons for the unsavoury condition of some of the streets and lanes. Provision has been made in the Colony's budget for the constructions in 1940-41 of a proportion of the public latrines deemed to be necessary.

In addition, a subcommittee of the Urban Council appointed by direction of Your Excellency is now considering the possibility of introducing a more up-to-date system than exists at the moment of dealing with night-soil as advocated by the Health Authorities.

Honourable Members can, I feel sure, rely upon the Chairman and Vice-Chairman of the Urban Council assisted by the Members of that Council to bring about the much needed improvement in the cleanliness of the thoroughfares of Hongkong. At the same time, a reorganisation of the service responsible for supervising street cleanliness is in process of being carried out.

On the subject of squatters' settlements, Honourable Members of this Council may be sure that the matter has been given the very closest attention by Government for some time past.

Many of these squatters are refugees. Many others were, hitherto, good law-abiding citizens until high rents and depressed wages made it difficult for them to live in ordinary tenement buildings.

DANGER APPRECIATED

That danger attends the existence of these squatters both to themselves and to the general public from the lack of sanitary conveniences, water supplies, and from outbreaks of fire, is well appreciated by Government. The present policy is to try to persuade those who are refugees without means of support to return to their own country. Such persons are given a free passage and an ex gratia grant by Government to this end. Squatters who are Hongkong-born citizens or who are unwilling to be repatriated are being provided for in two ways:—

(1) Firstly, women and children amongst them are given the opportunity of accepting food, shelter, medical care and welfare services in the Government camps up to the extent of the accommodation available.

(2) Secondly, plans are in preparation for establishing one camp on the Island; a second on the outskirts of New Kowloon and two on the frontier between Lokma Chau and Taikung, to which squatters unwilling to return to China can be sent. They will be provided with a water supply and simple medical and sanitary services, but they will have to provide their own hut accommodation in proper alignment, adequate attention being paid to fire-breaks, ventilation, drainage, etc.

If Your Excellency would allow me the privilege and you, Sir, and the Honourable Members of Council would bear with me for a few moments longer, I should like to say a few words on the question of income tax which occupied the more prominent position in the speech of the Honourable Member.

If we review the very low standard of living in the Colony, the increase in food prices, the widespread malnutrition, the high rents, the tragic overcrowding, the high infant mortality and death-rates, we must all agree that the poorer sections of the community cannot have any further burden placed upon them.

DEFENCE PURPOSES

Money has to be raised, however, for Defence purposes, both in relation to the special needs of Hongkong and the war against aggression in Europe in which this Colony is so intimately concerned.

My friend the Honourable Mr. Caine has so ably and in my view, rightly maintained that income tax is the most equitable form of raising revenue. Rates and import duties have always been found to bear most heavily on those sections of the community least able to sustain them.

Looking at the problem from the point of view of a doctor and not from that of a business man, my conception of income tax follows these lines:—

Government endeavours to work out, as far as possible, the minimum sum necessary for the adequate feeding, clothing and housing of an individual.

It then examines the financial responsibilities of that individual—whether or not he has a wife, a child or children and one or more dependent parents and relatives, and makes allowances accordingly. Only when the total for these commitments (and, I assume, in this Colony, for education) has been ascertained does the Government ask for a contribution from the balance towards the maintenance—or extension—of the essen-

tial organisation of Defence, Civil Administration and Social Services.

I venture to maintain that the level of income tax in a country provides evidence of the sense of responsibility which the community has acquired in the carrying out of its fundamental obligations.

That, in fact, a relatively high rate of income tax indicates that a country has accepted and intends to honour its international pledges; that a high level of incorruptible and efficient administration has been achieved and that the Government has recognised its duty to provide for the young, the old, the sick and for those in want.

PART FULFILLED

Up to the present, Hongkong has only fulfilled a part of the complex duties of a modern state. The instrument of income tax, as now proposed by Government is brought forward as a measure to meet the increased cost of the additional services necessary to give effect to the determination of the British Commonwealth to maintain freedom, law and order among nations.

I believe that there are not a few present in this Council today who look forward to the time when it will be possible to use income tax not only for Defence, but also for the development of the social services, and, in this Colony education, which are so urgently in need of increased finance.

The argument that income tax is unsuited to the particular set of conditions prevailing in Hongkong calls to mind the opposition encountered last year to two Health measures which were introduced to protect this Colony. I refer to the declaration of Canton as an infected port owing to an outbreak of smallpox and to the introduction of compulsory vaccination here in the spring of 1939.

There were many who shook their heads and prophesied that the first measure would jeopardise the prosperity of this Colony and that the intrusions on home privacy incidental to universal vaccination against smallpox would be bitterly resented so that the measure would be impracticable.

ENTIRELY SUCCESSFUL

Both measures were entirely successful as proved by the lessening and, for many months, the complete disappearance of the virulent strain of smallpox which had previously exacted a heavy toll of human life. Trade was not adversely affected and members of the general population were most helpful and co-operative in securing a well-vaccinated community.

I would urge that arguments, similar in content, were brought forward when income tax was first introduced into the United Kingdom and, indeed, in relation to many forms of social legislation.

I am confident that Hongkong, which has met so many upheavals and so successfully adjusted itself to changed conditions, will accept this new form of taxation in that courageous spirit which it has often shown in the past.

It has been my privilege to work for the past eighteen months in close contact with several of the Chinese members of this Council. During that time, it has been my invariable experience that they have always been willing to set aside their own interests and the interests of a class for the sake of the community whom they serve as a whole. Hence, I have no doubt as to the ultimate outcome of their deliberations in support of this measure.

MAJ. GEN. GRASETT'S SPEECH

His Excellency the General Officer Commanding, Major-General A. E. Grasett said:—

I had not intended to take up the time of this Council by giving my views on the rather complicated question of income tax because it is one I do not pretend to have any detailed knowledge. Since I returned from the North I have been reading the speeches of the Honourable Members delivered a week ago, and it occurred to me that the wider issues of this question had perhaps been ignored.

What are the facts? The facts are that the British Empire is engaged in a war of the greatest magnitude, the result of which no one can predict. Hongkong is as much concerned in this war as any other part of the Empire, and it things go wrong Hongkong will be the first to suffer. I think Hongkong is fortunate at this moment that the war is so far from its shores.

NO TRUTH

I have heard it mentioned that Hongkong's membership of the

Empire is a rather limiting and loose one, and that her responsibilities therefore are correspondingly limited and loose. I do not believe that view can be a proper view because it has no foundation of truth.

It has also been stated that Hongkong is of considerable strategic importance to the Empire, and that it is only right and proper that Great Britain should provide for its protection.

Hongkong is of little or no strategic importance and, in fact, might well prove to be an embarrassment.

Hongkong is defended and will continue to be defended largely on the responsibility of Great Britain because it is a British Colony, and I think it is well for the people who inhabit this Colony to realise that this is being done for their interest and security.

The Military Contribution represents but a small percentage of the cost to Great Britain of the defence of this Colony, and I doubt whether it is realised that the amount paid in the form of the Military Contribution is more than refunded by the amounts spent by the Service Departments here.

FINANCIAL SACRIFICES

If this war is not prolonged, we obviously have much to be thankful for. If it is a long war, the financial side will be nearly as important as the military side, and heavy financial as well as human sacrifices will be required.

I think it is wrong if we are not to consider a long war, and Hongkong is as much concerned with the financial aspect for the period of the war. It appears to me to be wrong to use the term "War Gift" in connection with Hongkong's financial responsibility. It seems to me that we should not discuss whether three, or five, or ten millions should be given. Hongkong may be required to pay to the limit of its resources and no one can forecast the amount.

The question in dispute is the method by which to raise the money in connection with the war. It seems to me that the machinery now set up must be capable of extension.

A year ago the Government set up an Income Tax Committee which was composed of members of the best ability and standing in the Colony and who were more than able to express an opinion on the subject.

THE BEST FORM

I was under the impression that the Committee recommended that income tax was the best form of taxation to meet the Government's peace-time needs. I stand to correction if I am wrong, but in any case there was then a strong feeling in favour of income tax.

The situation now is that a war has arisen, and with it heavy demands of financial sacrifices, which no one disputes. On Government proposing to introduce income tax, there is heavy, organised opposition, which I consider to be a very surprising situation.

Income tax is universally admitted to be the only fair form of raising revenue. In Hongkong, where a large section of the population is very poor, it is clear that the limit in indirect taxation has been reached and cannot be extended much further.

On the other hand, there is here a section of people who enjoy a very high standard of living and are very prosperous. It will seem that any other form of taxation other than income tax is not likely to be distributed equally and fairly.

NO REASONABLE ALTERNATIVES

I have not heard any reasonable alternatives to income tax. There have been suggestions as to lottery, tax on cinema tickets and so on, but none of them, I am sure, Members will accept as reasonable. Mr. Dodwell may have to spend \$30 more or petrol and Mr. Pearce may have a wine bill of \$100, but these are of no interest to them. They are only of great importance to those with an income of, say, \$500 a year.

Fears have been freely expressed on the consequences of the financial stability of the Colony were income tax to be imposed. I have no knowledge to dispute these facts, but it seems to me that the risks must be taken and that the possible consequences must be accepted in certain circumstances.

RELATIVELY SMALL TAX

The tax proposed by the Government so far is a relatively small one, and the burden will fall on those well capable of bearing it.

It is to be hoped that the Government will not have to make further demands. No one likes to pay income tax, but I am certain the opposition is not due to personal grounds.

I hope Honourable Members will not misunderstand my attitude in speaking on this subject. The conclusions reached have been perhaps a little too hasty and before the Government proposal is fully known, I hope there will be an opportunity to reconsider the question.

This is a very important measure. If income tax is not accepted it will certainly not add to the reputation of Hongkong.

COL. SECRETARY'S SPEECH

The Hon. the Colonial Secretary said:—

Sir,—This debate has been so predominantly a debate on Income Tax that there remains little for me to say on the so-called ordinary budget which is the subject of the resolution standing in my name. I am grateful to unofficial members for the assistance which they have rendered in Committee since the Council meeting of October 12 and for their unanimous agreement with the Government's proposals, as modified by that Committee, which are now presented.

EDUCATION IMPROVEMENT

The points which Mr. Li Tse-fong has raised on the subject of education will be carefully considered by the Director of Education and Mr. Li will no doubt pursue them further in the Board of Education of which he is a member.

I would only say that the newly established Teachers Training College and the revised code of subsidies for vernacular schools indicate that, although much still remains to be done when funds permit, the improvement of vernacular education has not been unduly neglected.

As to the constitution and organization of the said Board, any suggestions which it may choose to submit on these questions will be sympathetically considered.

The same member again raises the question of providing Air Raid Precautions Shelters for the general population. On this subject I made a full statement at the meeting of this Council on June 29, 1939, and there is, I fear, nothing that I can usefully add to that statement.

GOVERNMENT SERVICE

Mr. d'Almada has revived the question of increasing the number of locally recruited officers in the Government service.

I can only repeat that this form of economy is still the considered policy of the Government whenever it can be shown that the duties of a post can be performed by such infiltration without loss of efficiency.

The Chinese Sanitary Inspectors, for example, are gradually allowing reductions to be made in the European staff, and I understand that the experiment of recruiting Chinese for senior posts in the Police is working satisfactorily. A scrutiny of past and present estimates will show how far this policy has advanced in the Medical Department.

TWO QUESTIONS

Mr. Dodwell has raised two questions which are not entirely within the competence of this Government. The disciplinary control over Government servants and particularly the steps necessary to dismiss officers in case of incompetence are common to all Colonies; and the same is true of the system on which stores are purchased through the Crown Agents.

Mr. Dodwell and Mr. Pearce deplore the growing costliness of the machinery of Government, but several members suggest an expansion in various directions of the social services which it undertakes, and particularly an acceptance of certain of the liabilities which are now the concern of charitable organizations. It can hardly be doubted that, as soon as we have time to think of anything except the war, it will be necessary to come to some agreed policy on the balancing of such claims, including of course the propriety of the direct financing of certain services, as Mr. M. K. Lo suggests, which are at present undertaken by the various charitable organizations with or without subsidies from the public funds.

PRINCIPAL ASSETS

I hardly think that a "profit and loss account" such as Mr. M. K. Lo has attempted on the effect on the Colony of China's recent troubles is entirely justifiable.

Continued on Page 10

HONGKONG ST. LEGER WILL BE MAIN EVENT AT THE VALLEY RACES TOMORROW

There should be a big attendance at the Valley tomorrow afternoon when the Hongkong Jockey Club present their eight race programme for the Eleventh Extra Race Meeting. The public's interest will undoubtedly be centered on the Hongkong St. Leger, in which a keen tussle is expected between Navylight and Eve of Harvest.

The former, I understand, will be ridden by one of the Moller brothers, who is making a special trip to Hongkong for this purpose.

Eve of Harvest will be taken out by Mr. Hearne, and in view of this pony's pronounced improvement since the Annual Meeting when she finished behind Navylight in the Trial Plate as well as the Hongkong Derby, it will be interesting to watch the performance of the Sassoon candidate in this mile and three quarter event.

NEXT FEATURE

The next feature of interest will be Lucky Lad's attempt to qualify for the Autumn Champion. This chestnut, winner of the Australian Ponies Champions at the 1939 Annual Meeting and the Queensland Autumn Champions last December, has not yet scored a win at Extra Race Meetings during this year and unless successful tomorrow, will have no other occasion to qualify.

In the New Bridge Handicap over six furlongs, Lucky Lad will have 162 lbs. to carry, with Lancashire Chips at top weight (165 lbs.), but the distance is definitely against the former and in addition, the opposition will be composed of such well-known sprinters as Counting Eve, Griffl, Derby Day and Double Finesse. These latter three ponies with Cocklehol as well, are at very low weights and I am afraid the Lucky candidate has a difficult task in front of him in trying to beat this formidable field.

TAIPO HANDICAP

It can safely be assumed that Confusion Bay will accept for this mile event as he has to have another start in order to qualify for the Autumn Champions on December 18. In view of this year's sterling display in the October Handicap when he had, I believe, more than the "short head" verdict left in him at the finish, Mr. Black should open his account tomorrow on this pony.

There are several good ones in at low weights, particularly Lilliber, whose 1:24-2/5 for the six furlongs at the last meeting considerably enhances her chances. Blue Express is also back at work and with Mr. Encarnacao up, is not entirely out of the running.

However, King's Warden, in my opinion, will be the one to provide the real opposition, as this prey has been improving steadily and may strip in better condition than a month ago when he was placed third in a sprint race in exceptionally fast time. Bear Claw has been left out of the reckoning as I anticipate this old timer will be sent out to make the pace for his stable mate and consequently may not finish too well.

CASTLE PEAK HANDICAP (FIRST SECTION)

There are about half a dozen ponies with equal chances here and I am, therefore, leaving my selections until Saturday, and will confine these notes to comments on the ones that are worth watching. The Leopard won his last race so convincingly that he is the first one to come to my mind. Strathannock is the form bet and even with 168 lbs. this chestnut should be well up.

Kut Cheung and Guinness Time are both fairly well weighted though the latter, to the surprise of many, stayed the distance at the 8th Extra Meeting and paid a handsome dividend. However, one must realize that this entrant was then racing in the second section of the "D" Class whereas tomorrow he will be in the first section.

Of the lighter weights, I think Plain View the most dangerous as this black has been only just behind the placed ponies several times recently. This Time is another one that will make the other starters race all the way. Effort and Double Chance are both fairly fit, with my preference for the latter, in view of the distance.

HONGKONG ST. LEGER

There can be no doubt this classic will be fought out between only two of the ponies entered. Eve of Harvest and Navylight have both been specially prepared for this gruelling race and there should be little in it at the finish.

In view of Navylight's magnificent gallop last Wednesday, the Cirs stable should hold the advantage. In addition the Shanghai owned candidate will have a pull of 5 lbs. in weight, apart from the difference in weight for inches. Galaxy should have the better of Hectic View in their tussle for the minor position.

CASTLE PEAK HANDICAP (SECOND SECTION)

This should be another good betting race as with the promotion of several ponies to the first section and the redistribution of weights, punters will find their task of picking the winner a fairly difficult matter. Wilber and Phoenix should run prominently though the latter did not finish too well on Wednesday morning. Emergency Call is liable to find the distance more suitable than when last started and if ridden by one of the better jockeys is worth a small bet each way. Tribute, if he makes up his mind to have a go at it, will have no trouble in beating this field but I must warn punters that any bet made on this grey is nothing but a mere gamble. Tiny Tim can be recommended as the one to bring in the big money.

SHUM CHUN HANDICAP (FIRST SECTION)

This is the first leg of the Daily Double and I am quite in agreement with the rumour that Boolat Bay is the one to follow in this race. It is also rumoured that Mr. Needa will have the mount, in which case the combination should do very well. Galveston Bay is next in line and this griffin will be the main opposition to Boolat Bay.

For the minor position, we have to consider the chances of Taxing Master, Rose Queen and Advancing Time. At the 9th Extra Race Meeting, Dawn Star was well supported for no apparent reason but ran badly. I am afraid this grey has not advanced much in form since then.

Lovely Star won the second section of the "C" Class at the same meeting and is considered some quarters as a fair prospect though I am convinced that this "runaway" contender is up against much better animals tomorrow.

NEW BRIDGE HANDICAP

This six furlongs sprint should produce quite a close finish between Lancashire Chips and Counting Eve.

Both these ponies are fast and capable of keeping up with the other sprinters such as Double Finesse and Derby Day. The latter will probably fade out coming round the bend but Double Finesse with only 140 lbs. will make a better fight of it.

Lucky Lad is also dangerous, but as mentioned above, six furlongs is a trifle short for this chestnut and he will have to depend mainly on a flying start to be up with the leaders. Tornado Star is another pony that can finish well but starts slow.

SHUM CHUN HANDICAP (SECOND SECTION)

In spite of Laughing Girl looking very well and a likely winner, I prefer the chances of Royal Highness, provided Mr. Needa is at the control.

Scenic View, though at top weight, will do better as the race is over one mile, and should therefore at least secure a place. Salvage Master has gone off somewhat in form and will find it hard even to secure a place. This is the second leg of the Daily Double.

NEWCASTLE HANDICAP

Everything points to another win for Roofly but such a great deal depends on the start that I cannot count on it as a certainty, although this bay mare should be prominent. Brutus was taken out by Mr. Fih earlier in the week and if this jockey gets the mount the others will find it difficult to beat this combination.

Violet Queen finished with quite a burst at the last meeting, so look out for this mare tomorrow. A Roaring Time and Macquarie River are about the best of the remaining entries.

TOMORROW'S RUGGER

Army - Club Team To Meet Police - Navy

The following have been selected to represent the Army and Club against Police and Navy at Causeway Bay on Saturday at 4.15 p.m.—L/Sgt. Lang (Army), D. H. Stewart, J. C. Charters, H. D. Bidwell and Gnr. Richards (Army); F. Cessford and J. R. Henderson; 2/Lt. N. H. Cuthbertson (Army); R. G. Castleton, A. F. Walkden (Capt.), C. F. Needham and Capt. Duke (Army); G. Godfrey, Lt. Ridsdale (Army) and A. J. G. Taylor.

Reserve: 2 Lt. Pinkerton (Army).

Fixtures Sporting

TODAY

BADMINTON—Y.M.C.A. Badminton, in the West Lounge, 6 p.m.
POLO—Royal Scots v. H.K.S.B.R.A. (Boundary Street), 3.30 p.m.

TOMORROW

CRICKET—I.R.C. Juniors v. University; Recreation Juniors v. Central British School (King's Park); K.C.C. v. D.B.S. (K.C.C.).

FOOTBALL—First Div. (4.15 p.m.): Middlesex v. S. China "A", Soccer; St. Joseph's v. Police, Caroline Hill; Kwong Wah v. R. Scots, Boundary Rd. Second Div. "A" (4.15 p.m.): Kit Che v. R. A. O. C., St. Joseph's; 8th R.A. v. S. China, Stanley; (2.45 p.m.): Club v. 5th R. A., Club; Eastern v. 30th R. A., St. Joseph's, Second Division "B" (4.15 p.m.): Kwong Wah v. Engineers, Chatham Rd.; (2.45 p.m.): R.A.F. v. R. Scots, Kowloon; (4.15 p.m.): University v. Kowloon, Kowloon; (2.45 p.m.): Police v. Signals, Boundary Rd. Third Div. (2.45 p.m.): 12th R.A. v. R.A.S.C. Stanley; (4.15 p.m.): Engineers v. 5th R.A. Military; (2.45 p.m.): R. Scots v. S. China, Soccer; R.A.M.C. v. Electric, Caroline Hill; 24th R.A. v. International (Military, 2.45).

Ideal Conditions At H.K. R.A. Mid - Week Shoot: Record Score Equalled

Ideal shooting conditions were again in evidence on Wednesday when 73 members fired at the Kowloon City Range, at 200 yds. and 600 yards. But at 600 yards visibility was very poor, improving somewhat later.

The record score this season of 101 with S.R. (b) Rifle was equalled by C. Sgt. P. Hale of 1/Mx. Regiment, who obtained a possible at 500 yards, thus taking the Nett Spoon and the possible button.

Possibles were also obtained by S.I. C. C. Chan, L/Sgt. K. C. Hoo and L/Sgt. W. Henderson. Handicap spoons in S.R. (b) were won by L/Sgt. K. C. Hoo of H.K.P.R., Mr. A. F. Evans of R.A.F. Rifle Club and Capt. C. Newton 1/Mx. Regiment.

With the S.R. (a) Rifle, Cpl. E. Langford of 1/Mx. repeated his high score of 91 made last week and secured the Nett Spoon. Heap Spoons went to L/Cpl. T. H. Wood, 2/R. Scots, L/Cpl. J. E. Hawkins, R.E.S., L/Cpl. J. Dry 1/Mx and Bdsd. D. Bolam 1/Mx.

BELLIOS SHIELD

The draw for the Bellios Shield was as follows:—

H.K. Police vs. Naval Range Staff.

H.K. Police Reserve vs. H.M. Dockyard.

R.A.F. vs. H.K.V.D.C.

R. Engineers vs. 1/Mx. Regiment.

The 1st round must be fired by 31/12/39.

The 2nd round must be fired by 31/1/40.

The Final round must be fired by 28/2/40.

The finishing date for the 30 Roll is 20/3/40. Intending competitors should enter without delay for S.R. (a) or S.R. (b).

The winner of the former will receive the N.R.A. Silver Medal, and of the latter, the Donegal badge.

LEADING SCORES

The leading scores on Wednesday:

S.R. (b) CLASS

Hp 200 500 600 Y.

C/Sgt. P. Hale S.R. 94 95 92 101

Continued from page 9

The security to life and property which Hongkong has always offered has certainly for the last quarter of a century been one of our principal assets, as the Financial Secretary has pointed out; and even if that has stood out rather more sharply since 1927 this fundamental fact remains as before.

A.R.P. PROGRAMME

The acceleration of the Air Raid Precautions programme to which Mr. Pearce has referred is, as honourable members are aware, a deliberate policy. Capital expenditure which in more normal times might have been spread over a number of years has already been met in part by supplementary votes during the current year, funds being readily available, and the funds to be voted for 1940-41 merely continue that policy. Such special expenditure is of course non-recurrent and imposes no commitment on posterity.

FINANCIAL FUTURE

Both Mr. Shields and Mr. Pearce have suggested that the uncertainty of the Colony's financial future should have been reflected in the ordinary budget which is now before us and that it would have been prudent to aim at a considerable addition to surplus balances.

Mr. Li Tse-fong on the other hand agrees that current activities should be disturbed as little as possible, and this, of course, is the general view of His Majesty's Government at home.

It would savour of unreality to make no provision for war expenses in 1940 and it is fair to point out that, if the transfers suggested are made to the proposed war budget the present deficit of about half a million on the ordinary budget will at once become a surplus of about two million dollars.

HIS EXCELLENCY THE GOVERNOR

His Excellency the Governor said:—

Honourable Members.—All the main points relative to the 1940-41 estimates which have been raised on the unofficial side of the Council during the two days of debate have been answered and in my opinion answered adequately. I have, therefore, nothing to

add to those answers but I will renew the undertaking given by the honourable gentleman, the Financial Secretary, on October 12 by reiterating that Government, in putting into effect the approval given by you to those estimates, will keep a close watch upon the revenue and will govern its expenditure both on public works and in respect of the filling of new appointments in accordance with the financial outlook from time to time.

The subject which has occupied almost the whole of the debate, however, is not reflected in the estimates. On October 12 in my address I outlined to the Council a proposal for a war-budget, on the expenditure side of which the largest item would be Hongkong's contribution to the resources of His Majesty's Government for the successful conduct of the life and death struggle in which Great Britain is engaged. I say Great Britain; but I have no doubt that honourable members realise that Hongkong's future is as deeply concerned with the outcome of that struggle as is the United Kingdom itself.

I suggested that that contribution might have two objectives, firstly to cover our expenditure on local defence and other expenditure caused by the war, and secondly to provide, according to our means, a free gift to His Majesty's Government in aid of the prosecution of the war against Germany. I also suggested that that gift might consist either of cash or kind or both.

DUTY OF COLONY

In setting that idea before the Council I had in mind, as I have firmly still, the thought that it is the duty of this Colony to help to bear the Empire's burden to the utmost of its power, even though that utmost would be, monetarily speaking, as insignificant as was the Widow's Mite; and, secondly, I considered, as I personally still consider, that an income tax was the best means of collecting that contribution.

As the honourable the Financial Secretary has said, when that proposal was made public we were not without good reason for believing that an income tax levied for the purposes which I have mentioned would be accepted generally by the people of the Colony as appropriate at this juncture.

I could not, if I would, add anything of value to the masterly reply which the honourable Mr. Caine has made to the principal objections which have been raised to the introduction of income tax; he has shown that some of the apprehensions which the announcement of Government's proposals has aroused have been unduly magnified and that others have no foundation in fact. I feel quite sure that most, if not all, of the opposing arguments adduced here have found voice in every country where income tax has been mooted.

NOT DETERRED

So far as administrative difficulties are concerned, I have it on the authority of the Secretary of State that we should not be deterred by fears on that ground, for experience has shown in many Colonies that these can be successfully overcome; and it may be of interest to members to know that, apart from the Dominions, income tax is already part of the financial structure of fifteen British Colonies, while several others contemplate its introduction.

But although I do not propose to add to or to reiterate the points made by the honourable the Financial Secretary, there are one or two aspects of the matter on which I have a word to say. Firstly as to the amount that the Colony should contribute, for I note that every member here supports in one degree or another the making of such a contribution. In this connection I wish to dispose of an apparently widespread delusion that Government has determined to raise a war budget revenue of \$10,000,000 per annum or of any other pre-determined sum.

No such statement has ever been made by a Government officer; presumably the error took its rise from too hasty a reading of a few paragraphs of the honourable the Financial Secretary's speech in this Council on October 12, which appear on page 143 of this year's records.

As he made clear in mentioning that figure, it was no more than a guess-work estimate by the Taxation Committee of what might be the outcome of a two-shilling income tax, and that guess included, of course, the large amount which would have been transferred from the Home Government income tax revenue to the Hongkong Treasury.

REASONABLE STANDARD RATE

Two shillings was regarded by Government as a reasonable standard rate for an income tax here, should one be imposed, and so it came about that the ten million figure was mentioned. I recognize the motive which has prompted the honourable and learned member, Sir Henry Pollock, to propose the very handsome sum of three million dollars as a maximum for the Colony's contribution; but, in the absence of any real information about the Colony's aggregate income and until the means of raising the contribution have been settled, I think it wiser at this stage to leave the question of amount at the honourable Mr. Lo's definition, which he expressed as follows:—

"As we are all agreed that the Colony should make the best contribution of which it is capable, the problem confronting this Council resolves itself to one of raising the money."

NOT MONETARY GIFT

While on this subject I would observe that there has been an assumption in several quarters that Government's intention has been that Hongkong's contribution to His Majesty's Government would necessarily take the form of a monetary gift sent from here to London. Such is not the case and I take such blame as the false impression deserves for not being more specific in my first utterance on the subject. Rather, what I had in mind—and similar suggestions have appeared in the local Press—was the construction at our expense and in our yards of vessels for the Royal Navy, such as mine-sweepers, one or two of which would make a very valuable addition to our defences here and others, no doubt, could usefully be employed elsewhere; alternatively, our contribution might be towards the Royal Air Force.

Secondly, as to the method of obtaining funds for our purpose, I frankly confess to surprise that so many members of this Council and responsible bodies outside the Council should have been ready to express themselves so definitely on this very complex question of income tax not only in the face of the findings of an expert committee but even without waiting to see the Government's actual proposals in detail or hearing any exposition of the case.

However, that exposition has now been given, and given by one who is master of his subject; and there is, moreover, no vote to be cast on the issue at the present time, so no boats have been burned as yet.

I have said that I would not go over the ground trodden by the honourable the Financial Secretary and I do not wish to elaborate the case for income tax today; but I wish to make two or three points in connection with the proposals outlined by myself on October 12. The first I have made already.

What Government has in contemplation is a free gift to His Majesty's Government while engaged in a life and death struggle; it would be utterly illogical, to say the least of it, to describe as free a gift wrung from an unwilling community by the use of the official majority in this Council; no such thought has ever entered my mind.

TAXATION COMMITTEE

Doubt has been thrown this afternoon upon the actual conclusion to which the Taxation Committee came in respect of income tax. After detailing the arguments against and for such a measure they reported as follows:—

"Our conclusion is that the advantages of an efficiently administered income tax over other forms are overwhelming from the point of view of equity, and that, if it is considered that the tax is capable of successful administration in the Colony, it should be imposed as soon as additional revenue is a necessity. In view, however, of the undoubted force of many arguments opposing the introduction of the tax locally, we must qualify our recommendation in five ways."

(a) We must not be taken as expressing the opinion that such substantial extra revenue is actually necessary; in so far as more revenue is needed owing to the growth of the Colony, that very growth is likely automatically to increase the revenue, while it is outside our province to consider how far it may be needed to finance new or improved services.

(b) The possibility of the successful working of the tax should first be the subject of a detailed investigation with the assistance of an expert, preferably familiar with the collection of the tax in an Eastern country.

(c) The imposition of the tax involves a new departure in fiscal policy. We assume that it would not be passed through Council by the use of the official majority and that unofficial members of Council will expect to receive before agreeing to the imposition, some indication of the heads of expenditure to which its yield will be applied.

(d) We feel that it would be unwise to impose a tax of this nature until a substantial body of opinion in the Colony believes that the tax can be levied fairly and efficiently.

(e) The imposition of Income Tax should to some extent be compensated for by the remission of other forms of taxation.

AUTOMATIC REPEAL

The second and third points deal with certain objections which have been voiced against the imposition of an income tax. Of these one is that, once established on the plea of the necessity of war, the tax would remain in peace time. To that I would rejoin that if eventually it is agreed that an income tax bill for war purposes should be introduced I should have no objection to the inclusion of a clause which would effect an automatic repeal of the measure at some stated time, for example, at the end of the financial year next after the conclusion of peace.

The other objection is of smaller calibre, though I believe that it is very potent; it is the fear that income tax procedure is necessarily inquisitorial to a high degree and that the business secrets of merchants and manufacturers would thus become the prey of either their competitors or of blackmailers.

But that is not so: the honest taxpayer has nothing to fear from an income tax; his return of income supported, where necessary, by a balance sheet or a profit and loss account, neither of which would reveal trade secrets, would normally be accepted without examination of his detailed accounts. This fear of inquisitorial methods is, I am sure, sincere; nevertheless it has no justification in reality.

PEACE-TIME REVENUE

Lastly, in order that I should be completely frank on the subject, I admit my belief that the principal contribution to the peace-time—revenue of this Colony should come from an income tax. Trivial arguments can be ranged against its equitability in a community composed of different races with different standards of living; but these arguments have little weight when opposed to the undeniable basic equity of a tax which is assessed in accordance with ability to pay. More than one unofficial member has reminded me during the debate of the shortcoming of this Colony's administration.

I freely, though with deep regret, agree that in primary education, in facilities for sick poor and sick children, in housing of the poorer classes, in town planning and in other respects the provision made by this Colony is gravely lacking.

SOCIAL ILLS

I do not attempt to disguise from myself the fact that in order to cure that complexity of social ills it would be necessary to raise a great deal more revenue and I again state my conviction that the only proper way of raising the necessary amount would be by putting the revenue on an income tax foundation. A few steps, mostly tentative, have been taken during the last two years towards the solution of the various problems which these social diseases set up but the real fight has got to come.

These latter remarks at such a time as this may be regarded as inopportune. I have made them because I hope that the day may come when I shall preside over a meeting of this Council with a bill before it for the imposition, or re-imposition, of income tax as a peace-time measure, in order that we may begin to tackle in practical earnest those social problems.

But that is looking some way ahead. The immediate question before this Colony, though not today before this Council, is whether we should discharge our admitted duty to Great Britain by means of an income tax or some other revenue-raising measure.

I ask no more than that those who have reached a conclusion contrary to income tax should in the light of the Honourable the Financial Secretary's speech and the very cogent remarks which have fallen from the honourable and gallant member the General Officer Commanding the British Troops in China, closely re-examine the reasons, which led them to that conclusion, during the process of an open mind and a single eye for the good of the Colony and the Empire.

It is not the case, as the whole community of Hongkong is opposed, that it is

Continued on Back page

Finance and Commerce

INDUSTRIAL PLANTS DESTROYED

STARTLING LOSSES IN SHANGHAI

SHANGHAI, Nov. 16 (Reuter).—During the Sino-Japanese hostilities in Shanghai, \$155,000,000 (roughly £3,000,000) worth of industrial plants were destroyed, according to an independent survey by a Chinese Bank, the Kinsheng Banking Corporation.

LOST IN FIGHTING

Of this sum, more than half were losses sustained during the fighting, as large numbers of factories and machines were destroyed. The remainder is said to represent the loss of 47 factories situated in Chinese territory which were seized by the Japanese, following the withdrawal of Chinese troops from the vicinity of Shanghai.

In addition to various industrial plants, all public utility works around Shanghai were seized by the Japanese, according to the survey.

LONDON METALS EXCHANGE

London, Nov. 15 (Reuter)

buyers	sellers
Standard, Cash 230	unquoted
Standard, 1 months 230	unquoted

MUCH CONCERN IN LONDON

CONTROL DECREE BY YUGOSLAVIA

LONDON, Nov. 16 (BWS).—Much concern is displayed here regarding the effect of the decree issued by the Yugoslav Government controlling the production and export of minerals in the interests of the defence of the realm.

The largest copper mine in Europe, owned by French interests, and the Trebna lead and zinc mines, owned by British, are affected by the decree but in authoritative circles here it is stated that Britain will expect that the new system will be worked in a manner not prejudicial to British commercial interests and in strict conformity with Yugoslavia's obligations as a neutral.

Information has been conveyed to London that the new decree does not involve the confiscation of British property. Enterprises to be included within the scope of the special commissariat, which is being established, are reported to be under consideration at Belgrade and other details of the working of the decree are awaited.

RUBBER QUOTA FIXED

LONDON, Nov. 16 (Reuter).—The International Rubber Committee has fixed the quota for the first quarter of 1940 at 50 per cent.

Sino-Soviet Trade Talks

CHUNGKING, Nov. 16 (Central).—Besides Sino-Soviet trade, other important questions were also discussed during the dinner given by M. A. S. Panouchkin, the Soviet Ambassador to China, in honour of Dr. H. H. Kung, President of the Executive Yuan, on Tuesday night.

It is learned that they expressed satisfaction over the present trade conditions between the two countries, and agreed to adopt measures to increase its volume. Their talk lasted about three hours.

NAZI-SWEDISH TRADE TALKS SUSPENDED

STOCKHOLM, Nov. 16 (Reuter).—The trade negotiations between Germany and Sweden, which started on Nov. 2, have been suspended over the question of Nazi mines in Swedish waters. Negotiations will be continued after certain consultations have been made. It is reported that the Germans notified Sweden that German mine-fields would be extended within the 4-mile limit claimed by Sweden in the Sound.

INDIAN JUTE MILL WORKERS TO GET MORE WAGES

NEW DELHI, Nov. 16 (Reuter).—The Indian Jute Mills' Association has agreed to an increase in the wage of workers by ten per cent. On Thursday, 8,000 workers at Calcutta resumed work and more are expected to do so today. The strike started last Friday.

H. K. STOCK EXCHANGE

Another quiet day falls to be reported, and the volume of trading remains of the smallest dimensions.

BUYERS

Tramways, \$15.70.
Yammat Ferries, \$22.1.
Electric, \$49.
Telephones (O), \$20.1.
Cements, \$14.80.
Entertainments, \$5.

SELLERS

Tsamways, \$15.95.
Cements, \$14.90.
H.K. Govt. 3 1/2% loan, 97.

SALES

H.K. Mines, 4 cents.
Tsamways, \$15.95.
China Lights (O), \$7.1.
Telephones (O), \$21.
Ropes, \$5.

MANILA GOLD SHARES

Antamoks 14s, Atoks 17 1/2s.
Bagulo Gold 14s, Batong Buhay 0110s, Benguet Consol. 11.20s, B'g Wedge 19 1/2s, Cocco Grove 17b, Consol. Mines, 0030s, Demonstrations 07b, I. X. L. 3 1/2s, Ipo Gold 14s, Itogons 23 1/2s, Manubao Consol. 04b, Masbates Consol. 09b, Mind. Motherlode 07b, Mine Operations 08 1/2b, North Camarines 13 1/2b, Paracale Gummaus 16 1/2b, San Mauricio 74s, Surigao Consol. 16 1/2b, Suyoc Consol. 12 1/2s, United-Paracale 31 1/2s.

LONDON GOLD

London, Nov. 15 (Reuter)
Bar Gold, Fine per oz., 168

SILVER MARKET

LONDON SILVER
London, Nov. 15 (Reuter).
Silver.—Little Indian buying. Market steady. In the afternoon, the market was steady, with small buyers at the rate but sellers were reserved.

NEW YORK SILVER

New York, Nov. 15 (Reuter).
Official Price, 34-3/4.

BOMBAY SILVER

Bombay, Nov. 15 (Reuter).
Market.—Steady. Offtake 10 bars.

Indian Mint Silver

Ready 61-10
Dec. 5 Settlement 61-13
Jan 6 Settlement 62-01

Calcutta Exchange

Calcutta, Nov. 15 (Reuter).
T.T. on Japan, 20-1/4.

New York Exchange

New York, Nov. 15 (Reuter).
T.T. on London (Opening Rate).
3.92-1/2.



Hongkong Daily Press

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PRICE RISES HIT HOSPITALS

Biggest Users of X-Ray Film

Extra charges will fall on hospitals through the decision of two of the largest producers of photographic supplies "to advance their prices by 15 to 20 per cent." because of war risk insurance, A. R. P. and higher costs of raw materials. "X-ray films—which will be affected by these increases—are used solely by hospitals and private radiologists," states a Home correspondent, "and hospitals use by far the greater proportion. Radiologists presumably can recoup themselves by charging higher fees, but what of the hospitals, which are already in serious financial difficulties?" The managing directors of two famous retail firms of wine merchants recently condemned the "various responsible and irresponsible authorities who talk about profiteering on the part of the retailer who adds 10 per cent. on his charges to-day."

INCREASED COSTS

Quoting the war risk insurance premium as "6 per cent. per annum" they said it was nonsense to suggest that the retailer who turned over his stock three times a year was in a position to divide it by three, "for the simple reason that he has to replace his stock from a supplier who, in his turn, has had to pay this insurance, and consequently passes on this charge to the retailer."

They said, too, that the insurance rates in many cases involved premium payments in excess of the profits for a year's trading. In addition, freights had increased by 50 per cent., marine insurance had risen to "phenomenal heights," and Government control of many essentials, regardless of standing contracts, had made the buying of expensive substitutes necessary.

To suggest, in view of these and other new expenses, that an increase of 10 per cent. would cover them, or was profiteering, was "sheer stupidity" in their view.

HONGKONG SHAREBROKERS' ASSOCIATION

Volume Of Business Transacted Thursday, Nov. 16 Nov. 1939.

China Lights (O) 1,433 \$ 7.75
H.K. Docks 100 18.75
Dairy Farms (O) 100 19.50
Raube 1,500 9.50

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FOREIGN MARKETS & QUOTATIONS

BANKS

MONEY AND EXCHANGE

CLOSING QUOTATIONS
NOVEMBER 16, 1939

On London:—	
Telegraphic Transfer. 1/2 7/8	
Bank Bills, on demand 1/2 7/8	
Credits 4 months' sight 1 1/4	
On Shanghai:—	
On demand 87 1/2	
On Singapore:—	
On demand 98 3/4	
On Japan:—	
On demand 103 1/4	
On India:—	
Telegraphic Transfer. 82 3/8	
and demand 82 3/8	
Credits 4 months' sight 114 1/2	
On New York:—	
Bank Bills, on demand 94 3/8	
Credits, 60 days' sight 94 1/8	
On Batavia:—	
On demand 45 1/2	
On Paris:—	
Bank Bills, on demand 100	
Credits 4 months' sight 114 1/2	
On Saigon:—	
On demand 108	
On Manila:—	
On demand 44 3/4	
On Bangkok:—	
On demand 148 1/2	
Sterling Notes:—	
Bank Buying Rate 1/3 3/4	
Bar Silver per oz. 23 3/8	

Market Report

FROM BOZA BROS.

Silver prices rose yesterday to the extent of 1/16 for Ready and 1/8 for Forward, the quotations being 23 3/8 and 23 7/16 respectively. Silver advances reported a steady market with a little Indian buying. American Silver was quoted at 34 3/4 for Spot.

The London/New York cross-rate was quoted at 402. New York/London was quoted at 394.

There were sellers for Sterling at 1/3 November/December and 1/23/22 February, buyers at 1/3 1/32 Cash and 1/3 February.

A small transaction was reported at 24 5/8 for November. There were sellers at 24 9/16 November, buyers at 24 11/16 Cash and 24 5/8 December.

Shanghai Market
Sterling opened with sellers at 5 7/32. The highest rate touched was 5 13/32. The market closed a shade easier with sellers at 5 3/8 for Spot. U.S. Dollars opened with sellers for Spot at 8 9/16. The highest rate touched was 8 7/8. Towards the close there were sellers for Spot at 8 13/16.

Afternoon Market
The market was quiet in the afternoon.

There were sellers at 1/3 November/December and 1/23/22 February, buyers at 1/3 1/32 Cash and 1/3 February.

Sellers at 24 9/16 November, buyers at 24 11/16 Cash and 24 5/8 November.

Shanghai Market
Sellers of Sterling for Spot at 5 11/32 and U.S. Dollars at 8 3/4 sellers for Spot.

Shanghai Exchange
Shanghai, Nov. 16 (Reuter). Official T.T. Rates

	Opening	Closing
London	0/4-3/4	
New York	7-11/16	
Japan	32-3/4	
India	28-1/4	
Paris	3-48	
Hongkong	31-1/2	
U.S. Dollars		
Spot	8-9/16	8-21/32
Nov.	8-9/16	8-21/32
Dec.	8-7/16	8-17/32
Market:—	Quiet but steady.	
Merchandise Rates		
Sterling, 0/5-1/4.		
U.S. Dollars, 8-9/16.		

As there was an absence of keen buyers at 5 1/4, for sterling at the opening of the exchange market this morning, the market turned sellers and rates hardened up. At present, the market is ruling firm with sterling listed at 5 13/32, and U.S. at 7 1/4 for cash.

Silver Duty Rate
The Central Bank of China's rate on London at 10 a.m. to-day

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COMMODITY MARKET REVIEW

(FROM PAYNE & CO.)

SINGAPORE RUBBER		November 14		November 15		
S P O T	buyers	sellers	buyers	sellers	change	
JAN-MARCH	37-3/4	—	37-1/4	—	off 1/2	
APRIL-JUNE	36-1/4	—	35-3/4	—	—	
APRIL-JUNE	35-1/8	—	34-5/8	—	—	

The market was uncertain.

COTTON: There was December liquidation and realizing on news of persistent peace efforts. Trade buying was not large enough to absorb offerings except on declines. Reports of Cotton-goods sales continued to be favourable. Leading Trade sources believe that purchases of May and July options on any moderate recessions will entail little risk with good profit possibilities for patient holders, as the movement of cotton into the Loan continues to result in a tight spot position.

RUBBER: The market was easier, being largely the reflection of the easiness of the London market, and the news that the International Rubber Regulation Committee has fixed the quota at 80 per cent. for the first quarter of 1940. October consumption was 55,764 tons which is a new high record.

WHEAT: Peace rumours and a forecast of the possibility of rains in the dry sections led to a sizable amount of speculative liquidation. Large supplies and poor exports, however, suggest the advisability to confine purchase only to periods of easiness.

NEW YORK STOCKS: Previous close, 149.77; Today's close, 149.53; Change, off 24.

NEW YORK COMMODITY MARKET

(By Courtesy of Messrs. Swan, Culbertson & Fritz and S. E. Levy & Company)

	High	Low	Close	Prev. To-day's	Change
New York Cotton, Dec.	9.83	9.50	9.50	9.50	10 off
New York Rubber, Dec.	20.20	20.00	20.15	20.00	15 off
Chicago Wheat, Dec.	87 1/2	87	87 1/2	87	1 off
Chicago Corn, Dec.	50 1/2	49 1/2	50	49 1/2	1 off
New York Hides, Dec.	13.88	13.67	13.85	13.68 1/2	17 off

NEW YORK COTTON		Close	Opening	Closing	Change
December	9.50/60	9.50/60	9.50/51	10	off
January	9.49/50	9.49/49	9.44/44	.05	off
March	9.41/41	9.40/39	9.30/31	.11	off
May	9.21/21	9.20/21	9.12/12	.09	off
July	8.94/94	8.93/93	8.85 N	.09	off
July (New contract)	9.14 N	9.13/13	9.04/04	.10	off
Spot	9.81 N		9.71 N	.10	off

NEW YORK RUBBER					
December	20.15/15	20.01/01	20.00/00	.15	off
March	18.75/75	18.76/76	18.51/52	.24	off
May	18.25/25	18.20b/40a	18.10/10	.15	off
July	17.83/83	17.80b	17.70/70	.13	off

September	unquoted			unquoted	
Total sales for the day:—1,180 tons.					
CHICAGO WHEAT					
December	87 1/8	87 1/8	87 1/8	1	off
May	85 1/8	86 3/8	85 1/8	1	off
July	83 1/8	84 1/8	83 1/8	1	off
Tuesday's sales:—10,378,000 bushels.					

CHICAGO CORN					
December	50/50	50 1/2/50 1/2	49 1/2/49 1/2	1	off
May	52 1/2/52 1/2	52 1/2/52 1/2	52 1/2/52 1/2	1	off
July	53/53 1/2	—	52 1/2/52 1/2	1	off

NEW YORK HIDES				
December	70 1/4	70 1/4	70 1/4	unch.
May	75 1/2	—	75 1/4	"
July	78 1/2	—	78 3/4	"

WINNIPEG WHEAT				
December	13.85/85	13.90b/00a	13.68b/71a	18 off
March	14.18b/19a	14.20/19	14.00/01	18 off
June	14.47b/49a	14.52/52	14.33/33	14 off
New York, Official	34-3/4		34-3/4	
NY-London Cross Rate	3.93-5/8		3.94	

NEW YORK OFFICIAL		Close		Opening		Closing		Change	
December	34-3/4	34-3/4	34-3/4	34-3/4	34-3/4	unch.			
January	34-3/4	34-3/4	34-3/4	34-3/4	34-3/4	unch.			
March	34-3/4	34-3/4	34-3/4	34-3/4	34-3/4	unch.			

London, November 15.	Shai-N'king Rly. 5%.....	20
The following quotations are the	Tientsin-Pukow Rly. 5%.....	
middle prices at the close of the	(Brit. Stpd.)	14
market in London. All quotations	Tientsin-Pukow Rly. 5%.....	
are subject to confirmation and	(German Stpd.)	14
no responsibility is assumed for	Tientsin-Pukow Rly. 5%.....	

errors in transmission.					
					</

1898 (Brit. Issue).....	35	H.K. & S'hai Bank (Ldn. Reg.).....	84
Chinese 5% Gold Bonds, 1925-47.....	48	H.K. & S'hai Bank (Col. Reg.).....	84
bin. 4½% Anglo-French Loan, 1908.....	50	Chinese Eng. & Mining (bearer).....	18
Chinese 5% Crisp Loan, 1912.....	23	Chong-ching.....	10

Chinese 5% Reorg. Loan.	—	Chosen Corporation	7 7/8
1913 (Ldn. Is.)	40	Pekin Syndicate	—
Chinese 8% Ster. Notes.	—	Shai Elec. Constr. Co.	13/9
1925 (Vickers)	12	Shai Waterworks "A"	10
Chin. Imperial Ry. 5%	—	Union Insurance	22 1/2
Loan	55	Gula Kalumpung Rubber	19
Chong Ry. 5%	15	Allied Ironfounders	15/3

Shanghai Ry. 5%, 1911	17	Asso. & Elec. Industries	39/9
Shanghai Ry. 5%, 1911		Austin Motors, ord.	16/3
(German Issue)	18	Cable & Wireless, New	
Shanghai Ry. & U. Hai Ry.		Form. ord.	49
5% 1913	14	B.-A. Tob. (bearer) ..	85
		Mercantile Bank	11-7/16
		Cannell Ltd. ord.	61/8

as 1/2-1/2d.. unchanged from	Mexican Eagle	7/3
esterday.	Courtaulds	30/3
The Equalisation rate was 24	Distillers	67/8
er cent	Dunlop Rubber	27/3
	Gen. Electric (England) ..	75

NEW YORK OFFICIAL		Close		Opening		Closing		Change	
December	34-3/4	34-3/4	34-3/4	34-3/4	34-3/4	unch.			
January	34-3/4	34-3/4	34-3/4	34-3/4	34-3/4	unch.			
March	34-3/4	34-3/4	34-3/4	34-3/4	34-3/4	unch.			

NEW YORK STOCK EXCHANGE
QUOTATION

STOCKS		Last Sale	STOCKS		Last Sale
		Nov. 15			Nov. 15
Adams Express	7 1/2		Kennecott Copper	40 1/2	
Allegheny Steel Co.	23		Lake Foundry & Mac.	43	
Allied Stores	10 1/2		Lubley-Owens-Ford Glass	52	
Allis Chalmers	40 1/2		Lockheed Aircraft	30 1/2	
Aluminum Ltd.	105		Loew's Inc.	35 1/2	
Amerasia Corp.	—		Mack Truck Inc.	30 1/2	
Amer. Can.	11 1/2		Manhattan Shirt Co.	—	
American Cyanamid B.	32		Martin, Glen L.	40 1/2	
Amer. & Foreign Power	2 1/2		McKesson & Robbins, pfd.	—	
Amer. & Foreign 57 pf.	27 1/2		Monsanto Chemical	107	
American Gas & Elec	37 1/2		Montgomery Ward	54 1/2	
Amer. Locomotive	24 1/2		National Aviation	13 1/2	
Amer. Metals Co.	25		Nat. Dairy Products	15 1/2	
Amer. Radiator	19 1/2		Nat. Distillers	23 1/2	
Amer. Rolling Mill	18 1/2		National Gypsum	11 1/2	
Amer. S'ing and R'ing Co.	5 1/2		National Lead	21	
Amer. Sugar Refining	21 1/2		Nat. Power & Light	7 1/2	
Amer. Tel. & Tel.	168 1/2		National Steel Corp.	75	
Amer. Tobacco "B"	82		Nat. Supply Corp.	9 1/2	
Amer. Waterworks	12		New York Central	19 1/2	
Anaconda Copper	32 1/2		Niagara Hudson Power	7 1/2	
Atchison, T. & S. Fe.	28 1/2		N. American Aviation	27 1/2	
Auburn Motors	3 1/2		North American Co.	22 1/2	
Baltimore & Ohio	6 1/2		Northern Pacific	10 1/2	
Barber Asphalt Co.	15 1/2		Owens-Illinois Glass Co.	63 1/2	
Barnsdall Oil	14 1/2		Pacific Gas & Elec.	32	
Bendix Aviation	31 1/2		Pacific Lighting	47 1/2	
Bethlehem Steel	83 1/2		Packard Motors	37 1/2	
Bliss & Co.	16 1/2		Paramount Pictures	8 1/2	
Boeing Airplane Co.	27 1/2		Pennsylvania R.R.	25 1/2	
Borg-Warner	26 1/2		Phelps-Dodge	40 1/2	
Biggs Manufacturing	23 1/2		Phillips Petroleum	40 1/2	
Brooklyn-Manhattan Trans.	40 1/2		Pittsburg Coke & Iron	9 1/2	
Brooklyn-Manhattan 56	40 1/2		Public Service of N.J.	39 1/2	
Canadian Pacific R'way	54		Pullman Inc.	35 1/2	
Case J. I.	7 1/2		Pure Oil	8 1/2	
Celanese	27 1/2		Radio Corp. of Am.	5 1/2	
Cheapeake & Ohio	41 1/2		Reading Company, Com.	18 1/2	
Chrysler Corp.	87 1/2		Reading Company, 1st pfd.	26	
Climax-Molybdenum Co.	48		Remington Arms Co., Inc.	54 1/2	
Colts Patent Fire-Arms	87		Republic Aviation, Corp.	6 1/2	
Columbia Gas & El.	8 1/2		Republic Steel	23 1/2	
Columbia 6% "A" pf.	82		Reynold Tobac. "B"	38 1/2	
Commercial Credit Co.	46 1/2		Richfield Oil	9 1/2	
Com. & Southern (ord.)	1 1/2		Safeway Stores	48 1/2	
Commonwealth 5% cum. pfd.	—		Schenley Distillers	13 1/2	
Consolidated Edison	30 1/2		Schenley Distillers 5 1/2 pfd.	—	
Consolidated Oil	7 1/2		Sears Roebuck	82	
Continental Can	42 1/2		Shell Union Oil	14	
Continental Oil	24 1/2		Socory-Vacuum Oil	12 1/2	
Corn Products	83		Southern Pacific	15 1/2	
Curtiss Wright (C.)	10 1/2		Southern Ry 5% pfd.	32 1/2	
Curtiss Wright "A"	30 1/2		Sperry	46 1/2	
Deere & Co.	22 1/2		Spicer Manufacturing Co.	30 1/2	
Distillers Corp. Seagrams	163		Standard Brands	54	
Douglas Aircraft	80 1/2		Stand Gas & Elec.	28 1/2	
Du Pont de Nemours	17 1/2		Standard Oil of California	26 1/2	
Eagle Picher Lead	15 1/2		Standard Oil of N.J.	47	
Eaton Mfg. Co.	30		Stone & Webster	12	
Elec. Autoelite	37 1/2		Swift International	30 1/2	
Elec. Bond & Share	58 1/2		Technicolor	12 1/2	
Elec. Bond & Share 5% pfd.	58 1/2		Texas Corp.	46	
Elec. Bond & Share 5 1/2 pf.	68		Texas Gulf Sulphur	33 1/2	
Elec. Power & Light 57 pf.	32 1/2		Trans-America Co.	6 1/2	
Flintkote	20 1/2		20th Cent. Fox	13 1/2	
Food Machinery Corp.	—		20th Cent. Fox 5 1/2 pf.	23 1/2	
Gen. American Trans.	54 1/2		Union Carbide & Carbon	86 1/2	
Gen. Electric	38 1/2		Union Pacific	100 1/2	
Gen. Motors	54 1/2		United Aircraft	47 1/2	
Gen. Railway Signal	20		United Airlines Trans.	13 1/2	
Gen. Tire & Rubber	23 1/2		United Corp.	28	
Gildden Co., Rubber	17 1/2		United Corp. 53 cum. pf.	38 1/2	
Goodrich (B.F.)	20 1/2		United Gas Corp.	21	
Goodrich 55 pf.	67		United Gas Improvement	14 1/2	
Goodyear Tire & Co.	24 1/2		U.S. Industrial Alcohol	23 1/2	
Great Northern Iron Ore	18 1/2		U.S. Rubber	39 1/2	
Great Northern Ry. pfd.	27 1/2		U.S. Rubber 58 pfd.	113	
Great Western Sugar	29 1/2		U.S. Steel	69 1/2	
Greyhound Corp.	18 1/2		Vanadium	34 1/2	
Hercules Powder Co.	84 1/2		Walworth Co.	7 1/2	
Homestake Mining	58 1/2		Warner Bros. Pict.	4 1/2	
International Harvester	63		Westinghouse Elec.	112 1/2	
Int. Nickel	39 1/2		Woodward Iron Cor.	25 1/2	
Int. Tel. & Tel.	5		Chase National Bank	38 1/2	
Johns-Manville	75 1/2		National City Bank	22 1/2	
& Laughlin Steel 57 pfd.	72 1/2				

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U.S. Ships To Use Belgian Flags

BRUSSELS, Nov. 16 (Reuter).—The Belgian Government is considering the possibility of allowing a certain number of American vessels, which were barred by the new neutrality legislation from visiting European "combat" areas under the United States flag, to sail under Belgian colours, announced M. Marck, Belgian Minister of Communications in the Chamber yesterday.

PRESIDENT'S COMMENT
WASHINGTON, Nov. 16 (Reuter).—President Roosevelt discussed on Tuesday proposals by U.S. lines to transfer eight ships to the Panama flag, so that they could trade with combatant areas.

He would not say whether or not this would be permitted, but said that the reporters could see which way the wind was blowing.

Meanwhile the Maritime Commission has refused the request by the Pacific S.S. Line for their ships to be transferred to the Panamanian Registry.

HONG KONG TIDE TABLE

From 17 to 23 Nov. 1939

HIGH WATER.		LOW WATER.	
Days of Week	Date of Month	Hong Kong Standard Time	Height
Fri.	17	h. m.	h. m.
		15 18	07 34
Sat.	18	00 10	17 49
		08 08	08 28
Sun.	19	00 50	09 28
		17 35	20 34
Mon.	20	01 55	10 23
		18 13	23 05
Tues.	21	03 40	11 10
		18 39	00 14
Wed.	22	05 24	11 55
		18 53	01 05
Thur.	23	06 32	12 35
		19 10	01 10

CONSIGNEES' NOTICES

NOTICE TO CONSIGNEES
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No Claims will be admitted after the Goods have left the Godown, and all Goods remaining undelivered after the 18th Nov. will be subject to rent.
All claims against the vessel must be presented to the undersigned on or before the 2nd Dec. 1939, or they will not be recognized.
To comply with the General Bonded Warehouse Regulations, Consignees must have a Revenue Officer in attendance when damage dutiable goods are examined.
All broken, chafed, and damaged Goods are to be left in the Godowns, where they will be examined on the 18th November, 1939, at 10 a.m. by Messrs. Carmichael & Clarke.
No Fire Insurance has been effected.
Bill of Lading will be countersigned by W. R. LOXLEY & Co. (CHINA) Ltd. Agents.
Hong Kong, 15th Nov. 1939. [820]

3 U-BOATS DESTROYED

MERCHANT SHIPS SCORES DIRECT HITS

LONDON, Nov. 16 (Reuter).—Details of the sinking of three U-Boats were released yesterday afternoon.

The first U-Boat was sunk by an outward bound merchant ship. The submarine broke surface and attacked. The ship's guns were manned and for five hours the vessel was manoeuvred in such a way that it sustained no serious damage itself.

The gunners, however, scored a direct hit on the U-Boat and British destroyers rushing hurriedly to the scene, completed its destruction.

The second U-Boat was dealt with in a similar manner by a homeward bound ship. Both ships, curiously enough, are owned by the P&O Line of Durham.

DEPTH CHARGES
Details of the sinking of a third U-Boat came from Lisbon, where the captain of the Norwegian ship Jenny (built in England) said that a U-Boat stopped him and threatened to sink the ship if he did not hand over some food. He complied with the order.

3,070 Ships Convoyed: Seven Lost

SYSTEM WILL BE EXTENDED

LONDON, Nov. 16 (Reuter).—The Minister of Shipping announced in the House of Commons yesterday that so far 3,070 ships had been convoyed and that only seven had been lost. The system was thus regarded as giving security and arrangements for it to be increased were being made and this would also enable coal exports to be increased.

Mr. E. Shinwell (Labour) asked the Ministry to fix the shipping rates so that the owners could get a reasonable profit.

MERCHANT MARINE
Sir Percy Harris (Lib) called on the Government to give generous treatment to the men of the Merchant Marine. They were, he said, just as important as the men of the Navy, Army and Air Force.

British warships appeared on the scene shortly afterwards and dropped depth charges. Large oil patches which came up to the surface indicated that the U-Boat had been hit and destroyed.

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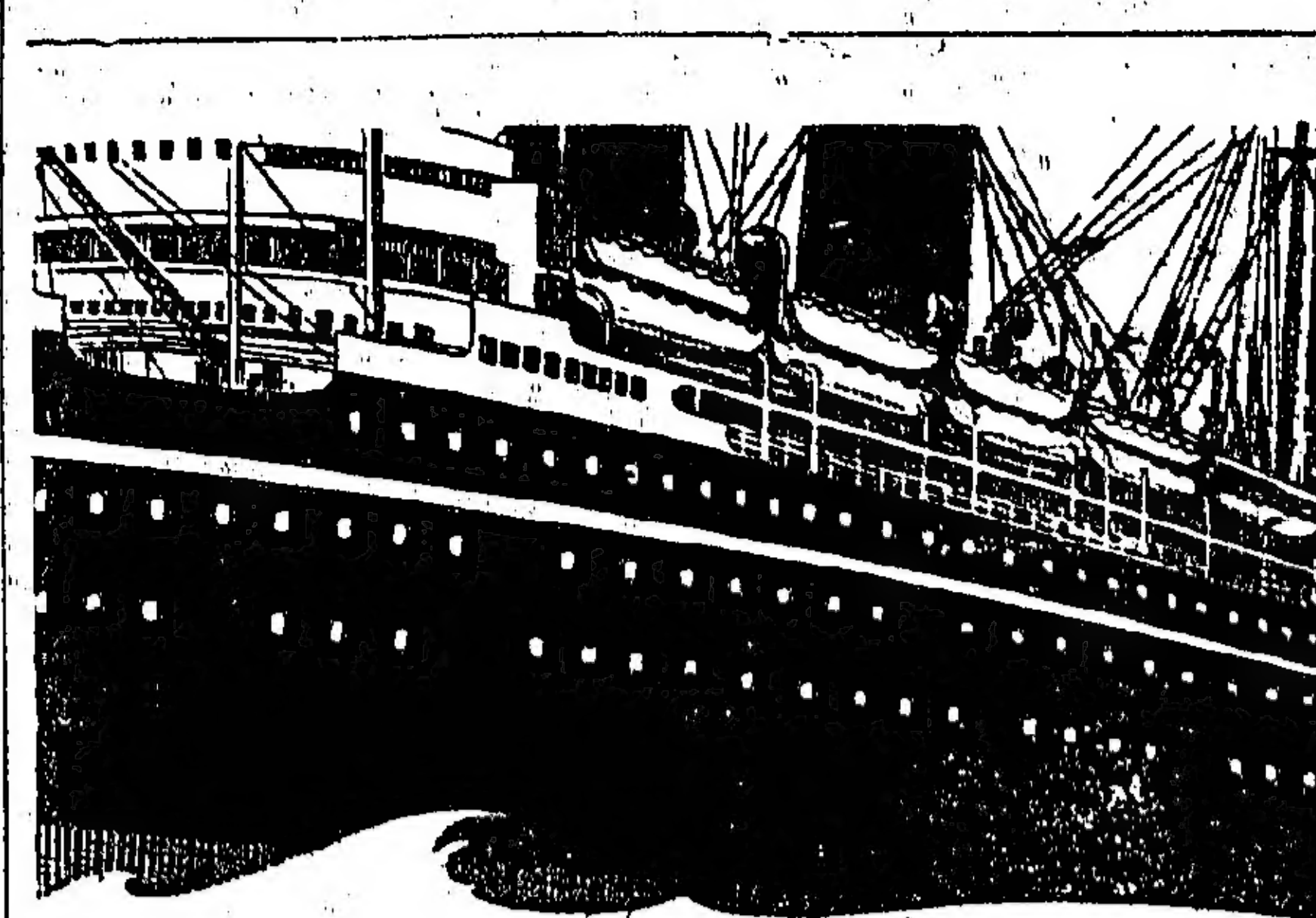
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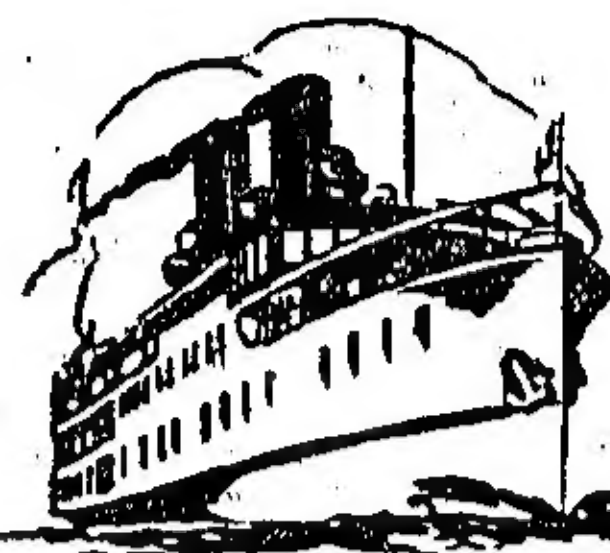
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Draft Estimated Expenditure For 1940-41 Approved By The Council

Continued from Page 10

principle, or in practice, to the imposition of income tax at the present time. I am aware of a growing body of opinion, both European and Chinese, which is in support of that course of action.

I have been asked to widen the terms of reference of the expert committee appointed to examine Government's proposals as framed in a bill. I am prepared to do so on the clear understanding that the committee will first discharge the duty which it accepted on appointment, that is to say to enquire whether an income tax measure suitable to the present moment's needs can be devised.

OTHER BUSINESS

The motion standing in the name of the Financial Secretary, that the Draft Estimated Expenditure for the year 1940/41 be approved, was then put to the meeting and passed.

The Financial Secretary then moved the First Reading of the Appropriations Bill.

"A Bill to apply a sum not exceeding \$49,706,787 to the Public Service of the Financial Year beginning on Jan. 1, 1940, and ending Mar. 31, 1941, and also to apply an additional sum not exceeding \$559,100 to the Waterworks Re-

newals and Improvements Fund for the service of that Fund in the said financial year."

The Council passed the resolution standing in the name of the Financial Secretary for the carrying out of works at an estimated cost of \$4,436,500 and for the expenditure in the financial years 1939 and 1940/41, of a total of \$3,293,092.33, the cost of which is to be met from a future loan but meanwhile to be charged as advances from the surplus balances of the Colony pending the raising of the new loan.

The loan works include items allocated to water works and extension of the aerodrome.

POKFULUM DISTRICT SUPPLY

Another resolution passed gave approval to the expenditure during the financial year 1939, from the balance credited to the Waterworks Renewals and Improvements Fund, of the sum of \$5,000 for the Pokfulum District supply.

The Council also resolved that the Liquors Duties Resolution of September 2, 1938 be rescinded with effect from 2 p.m. on Thursday, October 12, and that thereafter the duties to be paid upon intoxicating or spirituous liquors imported into, or distilled in, the Colony, shall be assessed in Hongkong currency.

Changes in the duties on light

oil, as were enforced at the same time, were also approved.

Moved by the Attorney General, the styles of office of Apothecary and Assistant Apothecary, under the Public Officers (Changes of Style) Ordinance, 1937, were changed to Chief Pharmacist and Pharmacist, respectively.

The Bill to amend the Promissory Oaths Ordinance of 1889 was read a second and third time and passed.

THOSE PRESENT

Present at the meeting were:—His Excellency the Governor, Sir Geoffrey Northcote, His Excellency Major-General A. E. Grasett (General Officer Commanding), the Hon. Mr. N. L. Smith (Colonial Secretary), the Hon. Mr. C. G. Alabaster (Attorney General), the Hon. Mr. R. A. C. North (Secretary for Chinese Affairs), the Hon. Mr. Sidney Cairne (Financial Secretary), the Hon. Cmdr. G. F. Hole (Harbour Master), the Hon. Dr. P. S. Selwyn-Clarke (Director of Medical Services), the Hon. Mr. T. H. King (Commissioner of Police), the Hon. Mr. A. B. Purvis (Director of Public Works), the Hon. Sir Henry Pollock, the Hon. Mr. S. H. Dowdell, the Hon. Mr. T. N. Chau, the Hon. Mr. M. K. Lo, the Hon. Mr. Leo D'Almada e Castro, Jr., the Hon. Mr. A. L. Shields, the Hon. Mr. T. E. Pearce, the Hon. Mr. L. Tse-jong and Mr. C. B. Burgess (Deputy Clerk of Councils).

NOVEMBER HANDICAP PROBABLES

MANCHESTER, Nov. 16 (Reuter)

The following are the probable acceptors and jockeys for the November Handicap to be run in Manchester:—Edgell (Stephenson), Tout Change (Lowrey), Roanoke (Perryman), Rodeo (Weston), San Salvo (Caldwell), Beindearg (J. Taylor), Hestia Second (Beary), Rossilver (Nevett), Orlis (Harry Wragg), Tutor (E. Smith), Sunbather (Gordon Richards), Aethon (Maber), Cinquante (D. Smith), Lister (K. Young), Crown Colony (Littewood), Sketchy (Richardson), Lone Mount (W. Couch), Southern Port (P. Evans), Sandon (Mullins), Royal Avenue (D. Nichol).

The following have no jockeys:—Buxton, Allstar, Master Bimbo and Wayward M's.

The Royal National Lifeboat Institution has made awr its totaling £21 3s to the lifeboat crew which helped to rescue 74 from the British steamer "Magdapor," 3,641 tons, which sank after an explosion.

WORK OF INDUSTRIAL CO-OPERATIVES IN CHINA

Speaking before the weekly tiffin meeting of the Hongkong Y's Men's Club yesterday on "The First Year's Work of the Chinese Industrial Co-operatives," Mr. Theodore Herman, Executive Secretary of the C.I.C.'s Hongkong Promotion Committee, stressed the social uplift these co-operatives have given the Chinese wounded soldier.

The last thing a man wanted to be in China in the old days, Mr. Herman said, was a soldier. Wounded soldiers were regarded as nothing better than a nuisance. They were constantly getting into trouble and were frequently being put under arrest by the village authorities.

NEW IMPORTANCE

Today there were 47 co-operatives for wounded soldiers, the majority in Kiangsi, where men wounded in the fighting about Shanghai were producing cigarettes, dry cell batteries, cotton cloth, towels, sandals, brush-pens, printing work, books, school supplies, and pens. These men had won a new importance in the community. They had gained a new respectability.

In another line the industrial co-operatives had also produced

very gratifying results. They had succeeded in impressing upon the industrial worker in the interior a new sense of social responsibility.

Men who had experienced the appalling poverty that was the lot of the industrial worker in the coast ports, be he engaged in a Chinese or a foreign enterprise, had made their way into the interior to find that such poverty was not a necessary accompaniment to industry. They were determined that the burden of poverty would never again rest on the shoulders of their class.

HEALTH SERVICES

From the co-operatives, money was being set aside for health services. Teachers were being engaged to give instruction in sanitary living. The children in some of the poorer districts, were being given for the first time an opportunity to attend school and to enjoy recreation.

There were now 1,200 co-operatives, involving directly about 25,000 men, and supporting and providing livelihood for some 100,000 others. In another way the presence of the co-operatives was being felt. Prices of products other than co-operative manufactured, at one time 20 per cent. higher than the C.I.C. equivalent, had come down.

MANY PRODUCTS

Among the products being manufactured were cigarette wrappers and labels, cigars from Chengtu and posters bearing slogans from Szechuan. Of the new "stream-lined spinning wheel," a 100 machines were being turned out in a day at a cost of \$6.50 each.

Headquarters of the different co-operatives issue their own monthly magazines. Even the wounded soldiers' co-operatives have turned out a report of their own activities, with statistical tables compiled, the books printed and bound by themselves.

In the north-west, the first gold-mining co-operatives had been started. Estimates made of the wealth of gold to be mined in the region promise of a very encouraging future.

AGENCY FOR HONGKONG

There was no agency yet in Hongkong for the local sale of goods produced by the China Industrial Co-operatives.

In reply to a question by Mr. C. P. Wong, Mr. Herman said that it was hoped eventually to establish such an agency here, but at present the cost of transportation and lack of surplus goods made this impossible. In the interior there was a bigger demand for co-operatives' goods than there was a supply.

Mr. S. B. Tan, a vice-chairman of the Hongkong Y's Men's Club, introduced the speaker who, on conclusion, was thanked by Mr. C. P. Wong on behalf of all present.

FOREIGN MAILS

HONGKONG, FRIDAY, 17th NOVEMBER, 1939, 9.30 A.M.

A revised edition of the Hong Kong Post Office Guide is on sale at all Post Offices price \$1.00.

Small Packet Post to all countries is suspended.

Christmas and New Year Cards bearing not more than five written words and enclosed in open envelopes are accepted by the Post Office at the rate for printed matter, i.e. 5 cents per 2 ounces, for all countries.

Hongkong, China and Macao at 2 cents per 2 ounces. Envelopes must not be closed.

INWARD MAILS

From	Due
Haiphong, Hothow & Fort Bayard	17th Nov.
Salgon	17th Nov.
Manila	17th Nov.
Haiphong	17th Nov.
Canton	17th Nov.
Australia and Manila	18th Nov.
Shanghai	18th Nov.
Bangkok, Saigon and Tourane	18th Nov.
Japan and Shanghai	18th Nov.
Sandakan	18th Nov.
Manila	19th Nov.
Haiphong, Hothow & Fort Bayard	19th Nov.
Shanghai	19th Nov.
Shanghai	19th Nov.
Air Mail by "Imperial Airways Direct Service"—London date 15th Nov.	20th Nov.
Straits	20th Nov.
Air Mail by "Pan American Air-ways Direct Service"—San Francisco date, 14th November.	21st Nov.
Amoy	21st Nov.
Straits	21st Nov.
Japan	21st Nov.
Java and Manila	21st Nov.
Calcutta and Straits	21st Nov.
Japan	21st Nov.
Shanghai	21st Nov.
Air Mail by "Air France Direct Service"—Paris date 15th November	22nd Nov.
Haiphong and Hothow	22nd Nov.
Shanghai	22nd Nov.
Salgon	22nd Nov.
Air Mail by "Imperial Airways Direct Service"—London date, 15th November	23rd Nov.
Japan and Shanghai	23rd Nov.
U. S. A., Honolulu and Japan—(San Francisco date, 28th October)	23rd Nov.
Shanghai	24th Nov.
Japan and Shanghai	24th Nov.
Japan	24th Nov.
Canada, U. S. A., Honolulu, Japan and Shanghai (Vancouver B. C. date, 4th November)	24th Nov.
Manila	24th Nov.
Calcutta and Straits	24th Nov.
Japan and Shanghai	24th Nov.
Straits	24th Nov.
Shanghai	24th Nov.
Japan and Shanghai	24th Nov.
Japan	24th Nov.
Java and Manila	24th Nov.
Japan	24th Nov.

OUTWARD MAILS

Registered and Parcel Mail are closed 15 minutes earlier than the time given below unless otherwise stated, and where mails are advertised to close at or before 9 a.m. registered and parcel mails are closed at 5 p.m. on the previous day. When mails are advertised to close after 5 p.m. Registered and Parcel mails are closed at 5 p.m.

For	Date and Time
FRIDAY	Fri. 17th
Haiphong	1.00 PM
	K.P.O.
Parcels	3.40 PM
Reg.	4.00 PM
Ord.	5.30 PM
	G.P.O.
Straits, Ceylon, India, East Africa, Aden, Egypt, and Europe via Suez and London Parcels—due London, 28th December	Parcels 3.00 PM Reg. 4.00 PM Ord. 7.00 PM
Calcutta	Parcels 6.00 PM Ord. 7.00 PM
SATURDAY	Sat. 18th
Fort Bayard	10.30 AM
Salgon	10.30 AM
	G.P.O. & K.P.O.
Shanghai, Honolulu, U. S. A., Central and South America and Canada via San Francisco (No Parcels for Canada)—due San Francisco, 6th Dec.	Parcels Noon Reg. 1.45 PM Ord. 3.00 PM
Japan	3.30 PM
Amoy and Parcels only for Tientsin	3.30 PM
Manila, Straits, Ceylon India, East Africa, Egypt and Europe via Brindisi—due Brindisi, 12th December	Reg. 5.00 PM Ord. 5.30 PM
	G.P.O. & K.P.O.
Air Mail for "Imperial Airways Direct Service"—due London, 28th Nov.	Reg. 5.00 PM Ord. 5.30 PM
Shanghai, Japan and Honolulu	5.30 PM
SUNDAY	Sun. 19th
Shanghai	9.0 AM
MONDAY	Mon. 20th
Haiphong	2.00 PM
Canton	7.00 PM
TUESDAY	Tue. 21st
Manila, Makassar and Sourabaya	8.30 AM
Haiphong	1.00 PM
Fort Bayard and Hothow	1.30 PM
Straits, Ceylon, India, East and South Africa	2.30 PM
	K.P.O.
Reg.	5.00 PM
Ord.	5.30 PM
	G.P.O.
Air Mail for "Imperial Airways Direct Service"—due Sydney, 27th November	Reg. 5.00 PM Ord. 7.00 PM
	K.P.O.
Reg.	5.00 PM
Ord.	5.30 PM
	G.P.O.
Airmail for Malaya, Java and Australia by "Imperial Airways Direct Service"—due Sydney, 27th November	Reg. 5.00 PM Ord. 7.00 PM
Shanghai and Japan	7.00 PM

Printed and Published by "Henry Lloyd Murrow, for the Hongkong Daily Press, Ltd., at 'Marina House,' third floor, 15-19, Queen's Road Central, Hongkong. London Office: 53, Fleet Street E.C.4.

PRINTING PRESS LOSE CARDBOARD BOX CLAIM

Judgment for defendants with costs was awarded by Mr. Justice R. E. Lindsell in the Summary Court yesterday in the case in which the Hung Fat Printing Press of 53-51, Chun Yuen Street, North Point, Hongkong, sued the Tai Hing Company of 457, Lockhart Road, ground floor for \$140 in respect of 4,000 cardboard boxes supplied to them and \$191.28 cents in respect of 5,465 similar cardboard boxes not yet delivered. All the boxes had been made on a special order.

Ladies' Hockey

C.B.S. HELD TO GOALLESS DRAW

E. Laihovetsky Shines At Left Wing

In a friendly hockey match played at King's Park yesterday, the Central British Association Ladies 1st XI did exceptionally well to hold the Central British School girls' senior team to a goalless draw.

Though the Schoolgirls were undoubtedly the stronger team, the excellent standard reached by the C.B.A. team was the feature of the game.

A player to be watched is Miss E. Laihovetsky, who gave an excellent display at left wing. Miss Shand, the School captain, was the most formidable member of a strong forward line.

24TH R.A. HELD

The Y.M.C.A. "A" XI managed to draw two-all with the 24th Battery, R.A., in a friendly hockey match played at King's Park yesterday.